



# cao

**Compliance Advisor / Ombudsman**  
**ANNUAL REPORT**

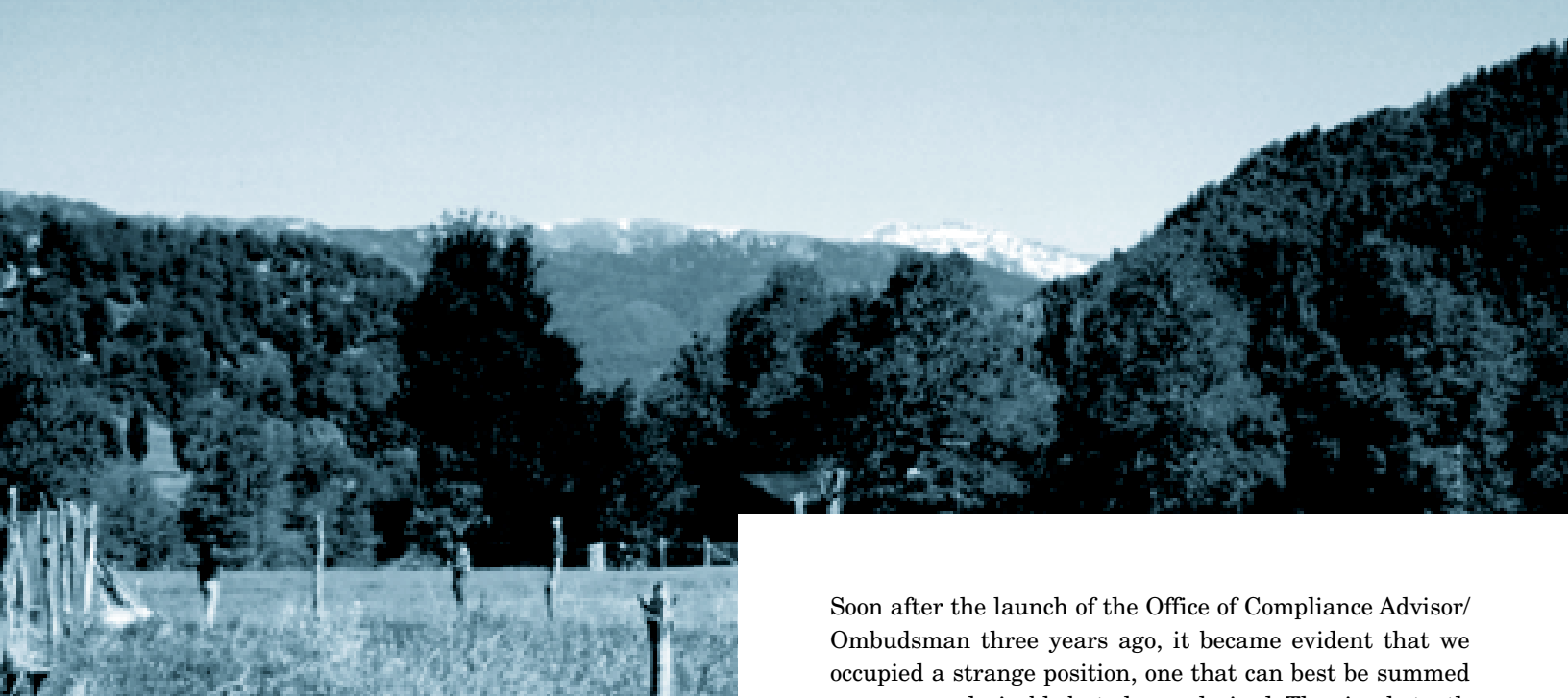
**2002–03**

International Finance Corporation  
Multilateral Investment Guarantee Agency

# mission

The Office of the Compliance Advisor/Ombudsman is committed to enhancing the development impact and sustainability of International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) projects by responding quickly and effectively to complaints from affected communities and by supporting IFC and MIGA in improving the social and environmental outcomes of their work, thereby fostering a higher level of accountability.

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## message

*from the* **Compliance Advisor/Ombudsman**

Soon after the launch of the Office of Compliance Advisor/Ombudsman three years ago, it became evident that we occupied a strange position, one that can best be summed up as never desirable but always desired. The simple truth is that one can dislike scrutiny while recognizing the need for it. Complaint investigation, dispute resolution, and occasional advice on best practices might be desired by an institution seeking to safeguard the livelihoods of people affected by its projects, but they are also, by their very nature, contentious, difficult, even unpleasant.

Our challenge has been to carry out our role with that knowledge always in our minds because it is a daily reminder that we must be judicious, fair, and open. We approach our work with the understanding that our presence is not always welcome, nor are our findings necessarily what the complainants hoped for. One example this past year was in the report we issued on Bulyanhulu, which is described more fully on page 8. The complainants were not happy with some of our findings. They desired our intervention but found the result undesirable. Given the unique position we find ourselves in, our conclusion has been that as long as we are honest with our mandate and investigate with integrity, we must stand by our decisions.

*(continued, next page)*



It is comforting, therefore, to note that the recent external review of the CAO office confirmed that this office's reputation for integrity remains strong. The review's principal recommendations included strengthening communications so that there was greater clarity inside IFC/MIGA and externally on how the CAO works. Additional major recommendations are summarized on page 4 of this report. The external review team comprised three senior figures from the fields of environment and social development management from the private sector, international financial institutions, and dispute resolution and conflict management organizations.

It is also satisfying to report that the Yanacocha complaint process, first reported in 2001, has now fully fledged, as described more completely on page 7. A local steering committee is now operating on its own with participation from all interested parties, and our role has evolved into a monitoring of the dialogue process.

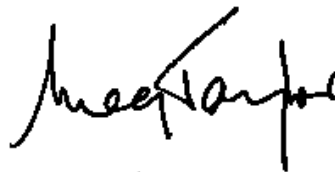
But the passage of time has also shown that many people remain confused about us. It is difficult for them to understand how the compliance, advisor, and ombudsman roles fit together. Even within IFC, some people wonder how it is

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possible to have a compliance function with an ombudsman. We are confident that we will have greater clarity on compliance once we have done several audits, and the strategic planning process has refined and given greater clarity to the advisory role. Nonetheless, we are currently engaged in developing a communications strategy to help clarify our roles and to figure out what is the best way to get our message out.

One successful message this past year was the CAO's review of IFC's safeguard policies, which has given the IFC an opportunity to look at a set of policies to fit its business while ensuring good environmental and social performance. The consultative and transparent review process demonstrated how independent reviews should be conducted. And the result has been enormously gratifying. All of the regional development banks—and as recent as June 2003, several commercial banks—have expressed the intention of developing for themselves safeguard policies that are modeled after IFC's.

I am particularly appreciative of the support we have received this past year from the Reference Group of advisors from the private sector, NGOs, academia, foundations, and other institutions. Their assistance has made it possible for our very small staff to conduct their work effectively and in a timely fashion. If imitation by other banks is the sincerest form of flattery, then we, never desirable but always desired, can be assured that what we are doing is right—for the World Bank and for the people served by projects that it guarantees or finances.



Meg Taylor  
*September 2003*

The Office of the Compliance Advisor/Ombudsman is committed to enhancing the development impact and sustainability of International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) projects by responding quickly and effectively to complaints from affected communities and by supporting IFC and MIGA in improving the social and environmental outcomes of their work, thereby fostering a higher level of accountability.

# overview

## of the **Compliance Advisor/Ombudsman**

The Compliance Advisor/Ombudsman (CAO) is an independent post that reports directly to the president of the World Bank Group. Its mandate is twofold: first to help the IFC and MIGA address—in a manner that is fair, objective, and constructive—complaints made by people who have been or may be affected by projects in which the IFC and MIGA play a role; and, second, to enhance the social and environmental outcomes of those projects.

Since 1999, the CAO has received 13 complaints. Of that total, two were rejected, one successfully mediated, one investigated and recommendations made, one taken up by local and national authorities, two now involved in large, multi-party mediation, two pending instructions from complainants, three under investigation, and one closed as incapable of being further pursued.

The CAO has three distinct roles:

**Ombudsman:** Responding to complaints by persons who are affected by IFC/MIGA-sponsored projects and attempting to resolve the issues raised by using a flexible problem-solving approach.

**Advisory:** Providing a source of independent advice to the president of the World Bank Group and to management of IFC and MIGA. The CAO provides advice in relation to broader environmental and social policies, guidelines, procedures, resources, and systems.

**Compliance:** Overseeing audits of the social and environmental performance of IFC and MIGA, in relation to sensitive projects, to ensure compliance with policies, guidelines, procedures, and systems.

Developing and balancing the three roles—compliance, advisor, and ombudsman—poses a unique set of challenges. The three roles together provide flexibility of response and a capacity to be proactive. Nevertheless, the ombudsman role clearly takes precedence when it is invoked. To clarify that the advisory role cannot cut across the role of the CAO



## ■ First Review of Compliance Advisor/Ombudsman

When it began operating in 1999, the CAO decided that after three years of activity, it would commission an external review to assess effectiveness of the functions as they are carried out by the office. The external review team conducted its review during the period May 1 to July 3, 2003. The review included more than 100 interviews in Washington D.C., by phone and at complaint sites in Peru and Chile, and as well as examination of all CAO files.

The external review team congratulated the CAO on coming this far in three years and for establishing itself as an office whose integrity was not in doubt. Noting the ever changing environment in which the CAO works, the culture, and the manifold demands on the office, the team made a series of recommendations on how the CAO's work could be further strengthened. Principal recommendations included strengthening communications so that there was greater clarity inside IFC/MIGA and externally on how the CAO works; strengthening internal management systems, initiating its own audits, and reviewing the functioning of the compliance audits once a number of them have been conducted.

The CAO welcomed the suggestions, many of which were already under way as part of the communications strategy work and future planning. The external review report, "Beyond Compliance? An External Review Team Report on the Compliance Advisor/Ombudsman of IFC and MIGA," will be published on the CAO Web site later this year, following circulation to the president.

as ombudsman or as auditor, the CAO draws a clear distinction between project-specific advice and policy and process-oriented advice.

**4** The CAO has been working with management of IFC and MIGA to ensure that their staff include notification of the existence of the CAO in all their dealings with potential, new, and existing sponsors and clients. In addition, throughout the project cycle documentation, the CAO has asked that the role of the CAO and information about its involvement or possible future involvement be included. As they prepare projects with IFC or MIGA assistance, project sponsors are responsible for revealing the existence of the CAO to people

affected by the project through the processes of consultation or preparation of environmental and social impact assessments, or both. These attempts to integrate information about the existence and role of the CAO into the working and project cycle of IFC and MIGA are part of the CAO's efforts to spread the word to those who may need the CAO's services so that they know how to contact it.

There are some important limitations to the CAO's powers, but the broad mandate makes the three roles together very powerful. For example, although the CAO is not a judge, court, or the police, there are influential ways in which the office can define issues to be addressed in a complaint, make creative and practical proposals for settling an issue, and encourage the parties to engage in constructive dialogue. Although the CAO cannot force outside bodies to change behaviors or to abandon existing practices, the office can call on the leverage of IFC and MIGA in urging the parties to adopt its recommendations.

The Office of the Compliance Advisor/Ombudsman is committed to enhancing the development impact and sustainability of International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) projects by responding quickly and effectively to complaints from affected communities and by supporting IFC and MIGA in improving the social and environmental outcomes of their work, thereby fostering a higher level of accountability.



◀ **CAO Principal Specialist Rachel Kyte talks with local people in a village near the Bulyanhulu Mine in Tanzania. The mine project was guaranteed by MIGA, and was the subject of a complaint filed with the CAO.**

The independence and impartiality of the CAO foster the trust and confidence of the project's sponsors, local communities, NGOs, and civil society in general. This trust and confidence are essential prerequisites for the CAO to be able to solve problems. Independence from line management of IFC and MIGA also enables the CAO to provide objective advice to the two organization and to help them do their work better.

Although confidentiality is important in some aspects of the ombudsman's role, disclosure of information is an important way to reinforce independence and impartiality. Disclosure is also important, on some occasions, to achieving solutions. The CAO is bound by IFC and MIGA disclosure policies that require the confidentiality of certain business information to be respected during communication with the involved parties. The CAO is also bound by the staff rules of the World Bank Group, which require that information be treated with discretion and not disclosed improperly.

As ombudsman, the CAO places the concerns of the complainant at the center of the complaint and resolution processes, and the presumption is in favor of confidentiality. Of course, complainants are free to publicize their approach to the CAO or the details of their case if they so wish. With the consent of the parties, the details of a complaint resolution process may be revealed after the process is concluded, but not prior to or during the process, except in specific situations allowed for by the complainant and other parties.

Within the parameters of those constraints, the CAO endeavors to ensure maximum disclosure of reports, findings, and results of the CAO process by reporting results on its Web site, [www.cao-ombudsman.org](http://www.cao-ombudsman.org), and in hard copy reports. In many cases, there is no reason why disclosure of the CAO's reports should not be full and complete, subject to any limitations imposed at the request of an affected party.

Although the CAO is open and responsive to the views of all of those with an interest in the project, the views of local communities, minorities, and vulnerable groups must take precedence because these generally are the people with the greatest to lose from a project; and they are often the least well equipped to convey their interests and concerns.





- ▲ **A recent complaint involves impacts of a hydroelectric scheme on the Bio-Bio River in Chile and the effectiveness of IFC's efforts in mitigating those impacts.**

## ■ The CAO's Administrative Structure

The CAO's staff make it possible for the office to operate responsibly and efficiently by bringing a unique perspective to the intense degree of thinking, analyzing, and brainstorming involved in work that is regularly precedent-setting for IFC and MIGA and external constituencies. To manage their tasks more effectively, CAO senior staff have been trained in mediation, facilitation, and dispute resolution design. When specific expertise is required, the CAO hires short-term specialized consultants.

From the outset, the CAO has relied on the advice and expertise of the Reference Group. This independent body of stakeholders from the private sector, the NGO community, academia, and other institutions has guided the development of operational guidelines for the CAO and participated in the safeguard policy review process. The Reference Group does not give project-based advice. Nevertheless, its diversity and expertise continue to help the CAO retain its focus and guide its evolution and growth.

- ▶ **Downstream from the dam, at Hualqui, the Bio-Bio River meanders towards the Pacific Ocean.**

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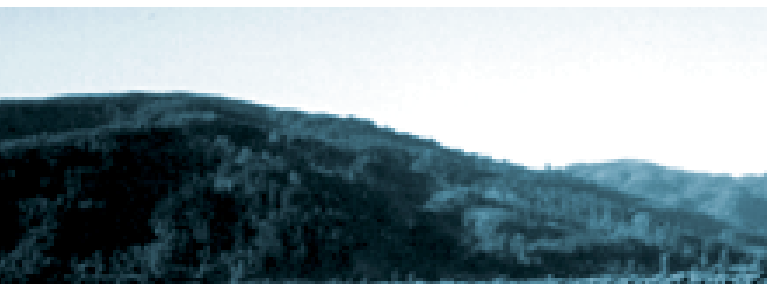
Independence and impartiality foster the trust and confidence of sponsors, local communities, non-governmental organizations and civil society generally. This trust and confidence are essential prerequisites for the CAO to be able to solve problems on the ground.

## Ombudsman

As ombudsman, the CAO provides an accessible and effective mechanism for handling complaints so as to help resolve issues raised about the environmental and social impacts of IFC-or MIGA-sponsored projects. To date, the Ombudsman has received 13 complaints, 3 of which are in some form of assessment, mediation, or negotiation.

When a complaint is received, the CAO appraises it against basic criteria, including whether the complaint and the complainant are genuine, whether the project in question is sponsored by IFC or MIGA, and whether the complaint is substantive and specific. If the complaint is accepted, it is fully assessed; and the project team is notified and given clear guidance on the issues to which it should respond by a specified deadline, normally 20 working days. When the assessment phase has concluded, the CAO responds to the complainant with suggestions on how to move forward.

This process can best be illustrated by the Yanacocha Mine Project, which began with a request by IFC and other shareholders in Peru's Yanacocha Mine to investigate a mercury spill that had poisoned communities along a road leading from Cajamarca to Lima. The CAO assessed the situation in July 2001 and, in response to local people's wishes to try mediation, conducted the first of 11 formal mediation sessions in September of that year.





At the center of people's concerns was the issue of water quality. An independent study of water quality and quantity of the area affected by the mine is now nearing conclusion, and the results will be disclosed later this year. To ensure the study's independence, the CAO established a process whereby independent observers from the community, the mine, the water authority, and the city were trained in basic hydrological sampling techniques, making it possible for them to verify the objectivity of all sampling and processing. The water study sets a precedent within Peru and within the mining industry on how contentious issues can be managed.

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In December 2002, the CAO transferred the mediation process to a locally elected steering committee, whose members include mine officials, the complainants, and other community leaders. A locally hired expert has been trained by CAO in mediation and serves as a secretariat to the steering committee. A situation once characterized by acts of civil disobedience and a crescendo of violence around the mine has, with the CAO's help, transformed itself into a capacity for dialogue about problems and how to solve them.

The CAO attracted controversy in its assessment report on the MIGA guarantee of the Bulyanhulu gold mine in Tanzania. Allegations by a former small-scale miners' committee that there had been human rights abuses by the government and the concession owner in the mid-1990s had gained international currency. Investigations by the government found no basis for the allegations, and the project's present sponsor reached the same conclusion. The CAO's report addressed the allegations as the context for the complaint and concluded that MIGA's due diligence had been constrained by the lack of a site visit and any independent verification of the facts leading to the controversy. However, the CAO also concluded that there was no evidence presented to it that could substantiate the original claims.

- ▶ The Bulyanhulu project is located in northern Tanzania, near Lake Victoria. This area is a rich mineralized zone which has seen increased foreign direct investment. Here, fishermen and merchants wait for the arrival of a ferry boat.

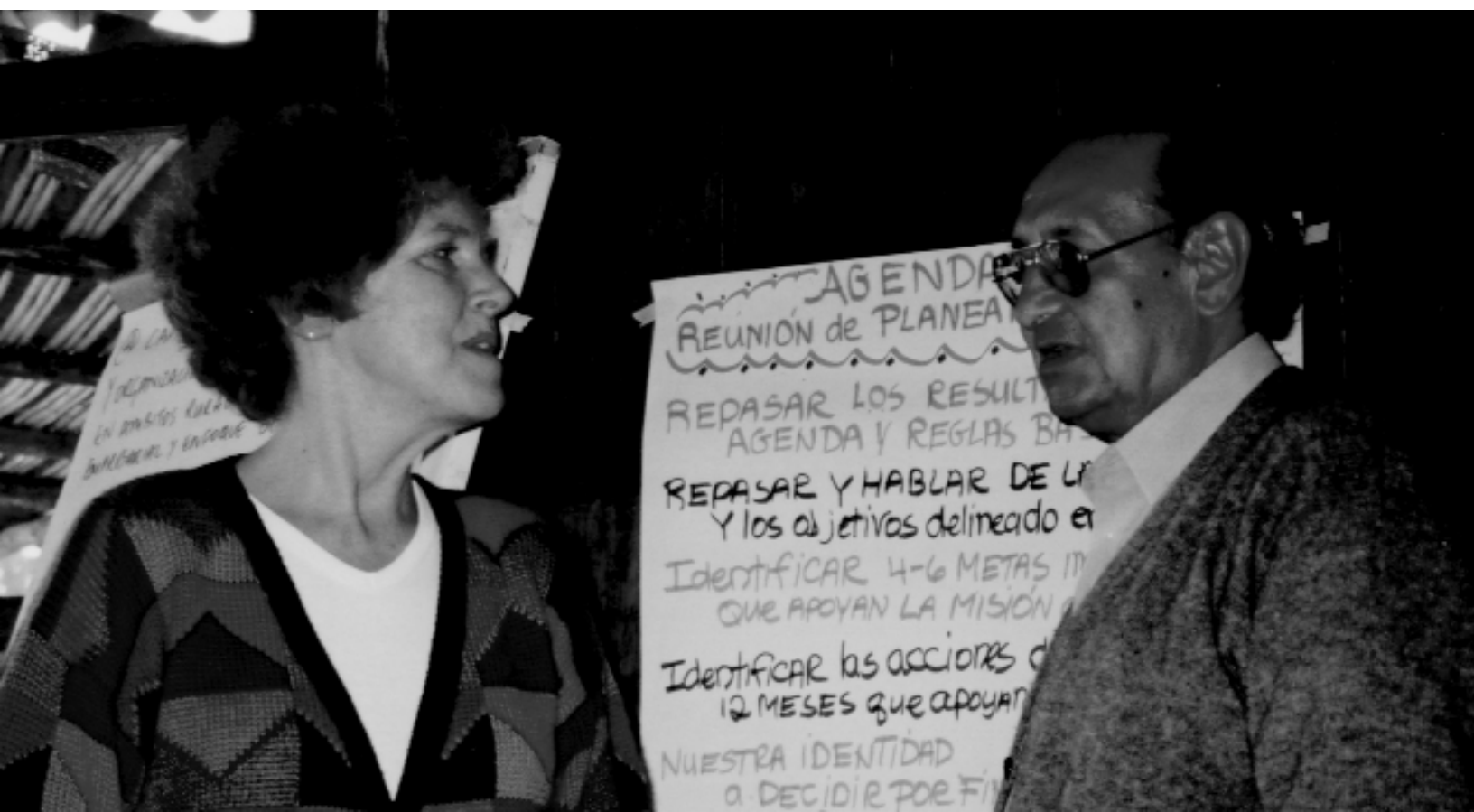


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The Bulyanhulu case provides an important example of the gulf that sometimes exists between the CAO's focus on material compliance and problem solving and the focus of international NGOs on the role of the Bank Group and multinational companies in development. In the Bulyanhulu case, the dispute between the small-scale miners and the international mining industry arose from unclear tenure rights. Despite the international outcry, the people living close to the mine have limited employment opportunities. Because of these ongoing issues and the complainants' dissatisfaction with the CAO's findings, dialogue continues.

The CAO learned much from issues raised in the Bulyanhulu report. Some of these lessons have been incorporated into the CAO's recent assessment of a complaint on behalf of the Chilean indigenous Pehuenche community regarding the Pangué hydroelectric dam project, in which IFC held a

▼ CAO consultant Susan Wildau talks with Luis Ara, a community leader, during a mediation session in Cajamarca, Peru.





small equity interest until July 2002. The complaint covered a range of issues regarding the environmental and social impacts of construction of the Pangué dam and an associated dam called Ralco, the mitigating measures undertaken at the behest of IFC following previous investigations, and operational and safety issues relating to the dams. In essence, the complainants believed that information gleaned from monitoring of downstream impacts of the dam, including flooding, was withheld from the people who would be affected. Addressing the complaint issue by issue, the CAO recommended, among other things, that IFC should disclose social and environmental information to the public and that it review whether promises and assurances made while IFC held an interest in the project must be fulfilled following divestment. The full text of the report, *Assessment by the Office of the Compliance Advisor/Ombudsman in relation to a complaint filed against IFC's investment in ENDESA Pangué S.A.*, can be found on the CAO Web site.

While the office functions as a resource, its results can also be used as a management tool in the presumed governance and management objectives of enhanced development outcomes.

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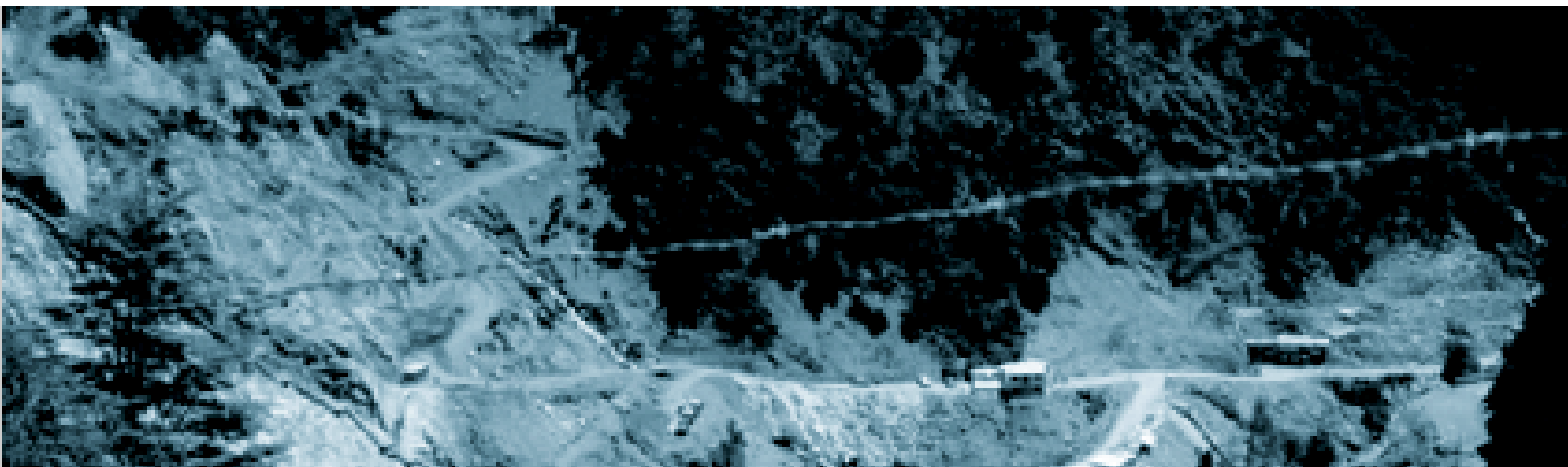
## advisor

The CAO's major objective in its advisory capacity is to provide independent, timely, and objective advice to the president of the World Bank Group and management of the IFC and MIGA. This advice relates both to particular projects and to broader environmental and social policies, guidelines, procedures, resources, and systems.

The advisory role continues to be the role that confuses internal and external stakeholders. The CAO's terms of reference allow it to provide an independent channel of advice to the president and senior management. However, that advice cannot detract from, nor pose a conflict of interest with the ombudsman role, in particular, or with the compliance role. By drawing lessons to be learned and projecting them back into the institution, the advisory role can reinforce the effectiveness of IFC and MIGA.

In 2002, the president clarified to IFC and MIGA that formal advice would stem from complaints to the ombudsman and from compliance audits and would address process and policy issues in a broader context than an individual project.

This clarification followed CAO's Safeguard Policies Review, which found excellence but also lack of clarity, confusion, and variance in interpretation and communication of these policies. The review's recommendations focus on systems



and management issues, as well as implementation procedures and the policies themselves. The main finding—that the integration of the safeguard policies in the business relationship is critical for achieving results on the ground—demonstrates the enormous importance for environment and social results, not just profitability, of those with whom IFC does business. The review’s principal recommendation was that senior management and investment managers be held accountable for environmental and social results and that the intent of the policies and the systems for their implementation become much more a part of IFC’s core business and “owned” by everyone.

As part of an independent review of the World Bank’s future role in the oil, gas, and mining industries, the CAO contributed its own review of the extent to which broader sustainability concerns relevant to the extractive industries sectors had been handled by IFC and MIGA. *Extracting Sustainable Advantage? A review of how sustainability issues have been dealt with in recent IFC and MIGA extractive industries projects*, published in April 2003, concluded that IFC and MIGA projects showed solid performance on mandatory environmental and social criteria

that the two institutions established for themselves in their policies, but that non-mandatory criteria—scored markedly lower. The report makes a number of recommendations for improvement in revenue management and recommends that IFC and MIGA reinforce existing guidance to encompass a wider set of sustainability concerns.

In December 2002, the CAO published a review of the application of MIGA’s environmental and social review procedures, based on the first three years of experience since they were adopted. The review considered the extent to which MIGA adhered to these requirements and the implications for environmental and social due diligence. In general, the review found that MIGA consistently and diligently adhered to the environmental aspects of the procedures but that there were significant shortcomings in dealing with the social aspects of projects. The report also highlighted the need to reinforce requirements for consultation, more systematically assess clients’ capacity to manage environmental and social issues, and strengthen the arrangements for compliance monitoring.

- ▶ The areas adjacent to the Bulyanhulu River in Tanzania, where the Bulyanhulu Mine is located, had traditionally been used by small-scale gold miners. The struggle over land and resource rights was the backdrop to the complaint.



While the office functions as a resource, its results can also be used as a management tool in the presumed governance and management objectives of enhanced development outcomes.

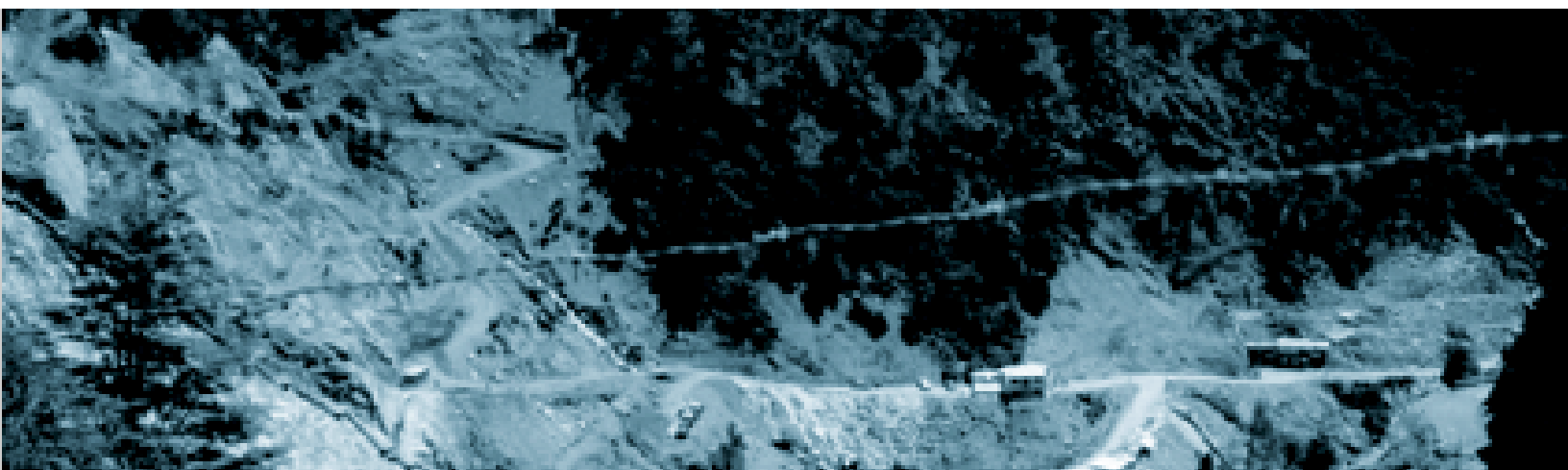


Also toward the end of 2002, the CAO received a complaint about a proposed chemical factory to be built in India with IFC financing. The complainants' primary question related to IFC's position with regard to the Stockholm Convention on the elimination of persistent organic pollutants. The plant was slated to manufacture a core component of PVC, and the community feared that the production process involved the release of deadly dioxins into the environment. In the absence of a formal response from IFC on its approach to assisting countries signatory to the Stockholm Convention and its support of alternatives to persistent organic pollutants, the CAO raised an advisory note. The CAO has been assured by IFC that it has prepared a policy statement. The CAO and the Committee on Development Effectiveness of the Executive Board of IFC await the statement. This advisory note marked the first time that the CAO formally used its clarified advisory role stemming from an issue in a complaint or an audit.

The CAO worked together with IFC to provide thinking and background for a group of commercial banks working in emerging markets as they developed the Equator Principles, further information about which can be found on the World wide Web at [www.equatorprinciples.com](http://www.equatorprinciples.com). The CAO brought to the discussions lessons learned from the Safeguard Policy Review and from its vantage point in dealing with complaints and noncompliance. On June 5, 2003 10 banks, soon joined by others, adopted the principles, which apply environmental and social standards equivalent to IFC's Safeguard Policies to project finance in emerging markets lent or syndicated by the banks who have adopted the principles.

The CAO's ability to communicate has a significant impact on how it is perceived by its many audiences—both internal to the World Bank Group and external. As an accountability mechanism, the CAO must be viewed as unbiased, consistent, and fair if it is to maintain its credibility. Working with communications consultants, in 2002 the CAO developed a communications strategy that is intended to clarify the CAO's three roles and how they interface; convey the CAO's problem-solving approach as objective, transparent, and impartial; and explain more clearly the procedures for engagement of the CAO.

In developing the strategy, the CAO undertook a communications audit and interviewed audiences about the office's present communications. Feedback from the audit and interviews helped the CAO to develop messages; communications delivery instruments; and plans for more streamlined, targeted, and regular communication. Following implementation of many of the strategy's components next year, the CAO anticipates that audiences will better understand its responsibility to hold IFC and MIGA accountable to affected communities; its duty to respond impartially and independently to affected communities' environmental and social concerns; and its outcome-oriented, problem-solving approach to complaints.





◀ Community members in Hualqui protest against the flooding they say the hydroelectric dam system exacerbates.

At the CAO strategic planning retreat in Boulder Colorado in August 2002, a decision was taken to give priority to the development of a monitoring and evaluation system to track the effectiveness and impact of the CAO's activities. The system has been under development during the past eight months and will be implemented next year.

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The development of an M&E system for the CAO raised a number of issues and challenges, including the disparate roles of the CAO, the limits to the CAO's reach and authority, and the need to

balance monitoring and evaluation efforts with core functions of the office.

The proposed monitoring and evaluation system is both a planning tool for the CAO and a means of improving the transparency and accountability of the CAO to its constituents. Although this third Annual Report of the CAO provides a wealth of qualitative information on the activities of the Office and specific interventions, the monitoring and evaluation system will provide a more systematic way to inform the annual reporting process in the future.

▶ Construction activity above the Pangue dam, Chile.

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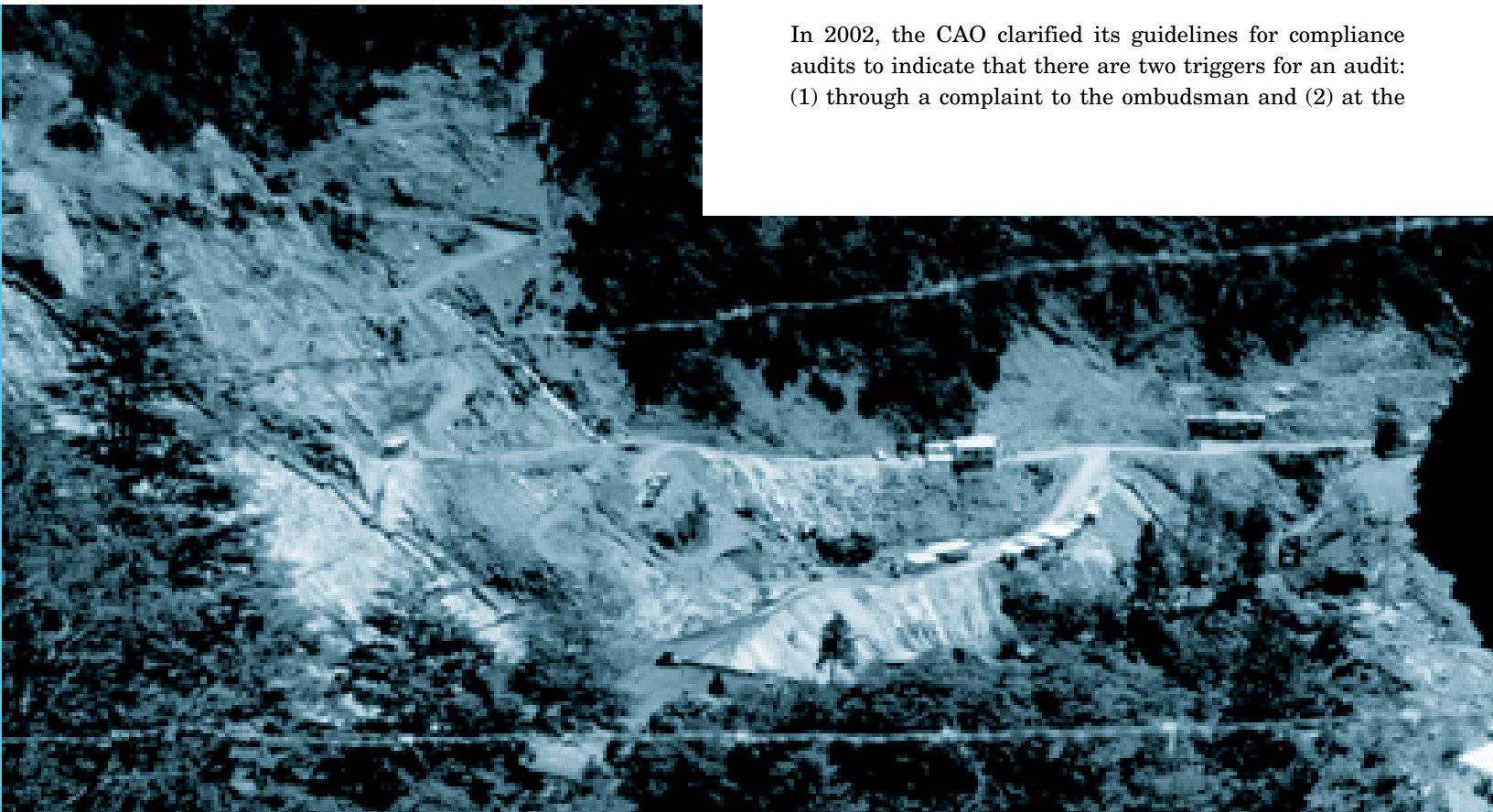
The CAO is an innovation in accountability in that it focuses on results on the ground.

# compliance

In exercising its compliance role, the CAO attempts to foster adherence to, and engender more positive interpretation of, IFC and MIGA policies and procedures so as to promote wider understanding of how compliance can enhance social and environmental outcomes and better performance.

The purpose of a compliance audit is to determine whether IFC or MIGA staff, and in some cases project sponsors, have complied with IFC and MIGA social and environmental policies, guidelines, and procedures. Because such guidelines are often susceptible to different interpretations, a compliance audit would not normally seek to set aside an otherwise reasonable interpretation or judgment. However, the audit can help draw attention to situations where reasonable interpretations of environmental or social policies have led to undesirable outcomes, and the CAO can recommend corrective measures.

In 2002, the CAO clarified its guidelines for compliance audits to indicate that there are two triggers for an audit: (1) through a complaint to the ombudsman and (2) at the





## Compliance Audit Summary Guidelines

The compliance audit process begins with an initial appraisal to ensure that audits are initiated only for those IFC and MIGA projects where there are substantial concerns regarding social or environmental outcomes. In appraising requests for an audit, CAO will discuss the matter with the project team and relevant parties to explore whether an audit or review is necessary. If a decision is taken to proceed, all appropriate staff will be notified in writing.

Compliance audits have three objectives: understanding the circumstances that gave rise to the audit; conducting a systematic, documented verification process to evaluate compliance objectively; and recommending remedial measures or other actions to enhance social and environmental outcomes, and ensure ongoing compliance.

Following an initial review of the project documents, an audit protocol will be prepared and submitted to the project sponsor in advance of a site visit, which typically lasts no more than one or two weeks. If noncompliance or adverse social or environmental outcomes are identified, the immediate and underlying causes will be fully explored. At the end of the process, a draft report will be prepared that includes the audit findings, an assessment of causal factors, and recommendations for corrective actions.

All relevant IFC and MIGA staff will have an opportunity to comment before the final report is prepared and submitted to the President. Once the findings have been discussed with the President, the CAO will inform either the MIGA or IFC board of the findings. Although the CAO is bound by the disclosure policies of IFC and MIGA, there is a strong presumption in favor of public disclosure within these constraints. Audit recommendations accepted by the President should be integrated into the ongoing monitoring of a project by IFC and/or MIGA management.

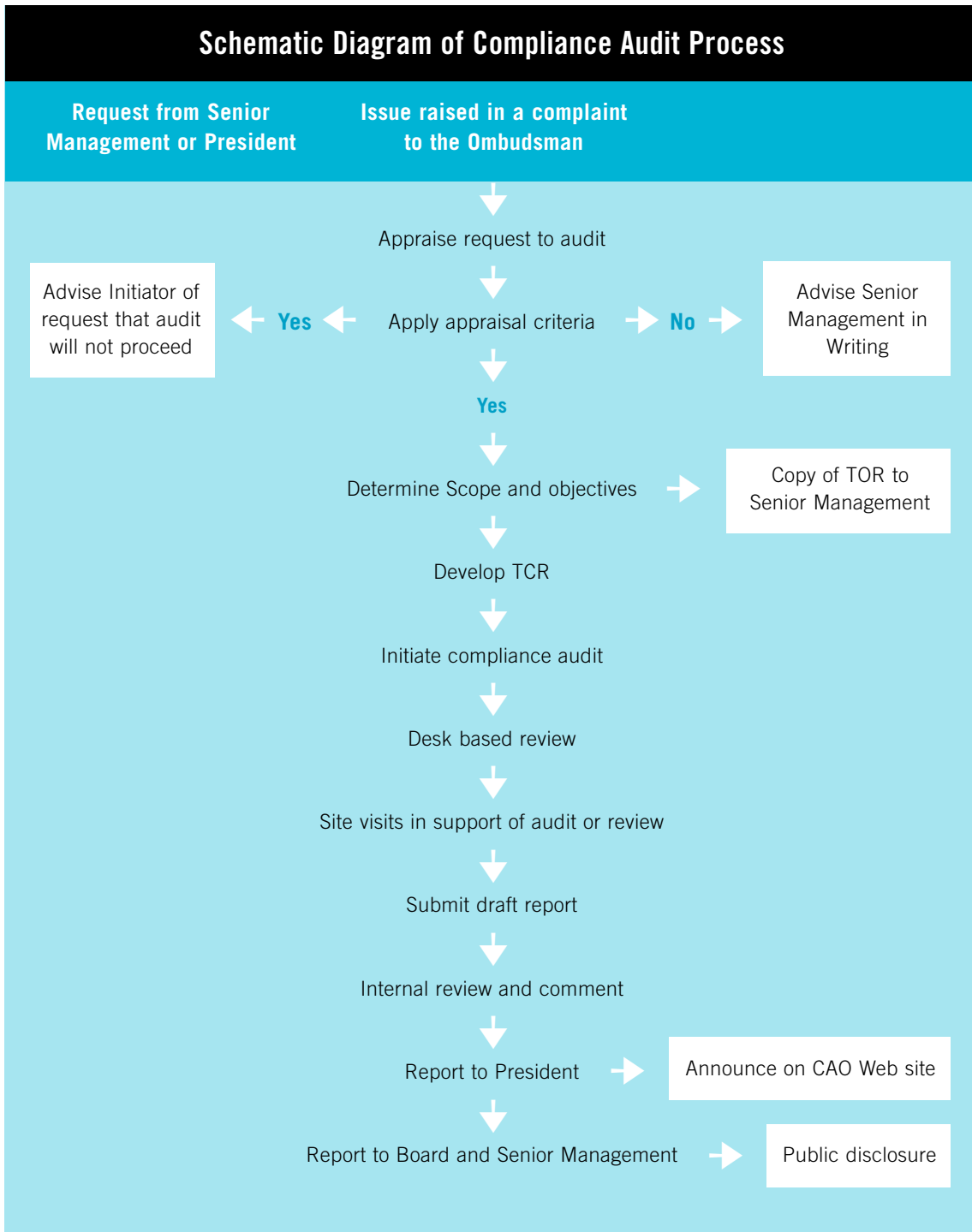
request of the president or senior management of IFC or MIGA. The findings of audits are conveyed to the president of the World Bank Group in a report. The report's delivery to the president is disclosed, and copies are sent to management. Recommendations, once they have been accepted by the president and publicly disclosed, are then sent to the executive board of the IFC or MIGA for information.

The CAO is now preparing internal protocols to ensure consistency of approach and methodology for all audits and to guide staff and consultants undertaking the work.

- ▼ A ferry crossing Lake Victoria on the way to Bulyanhulu.

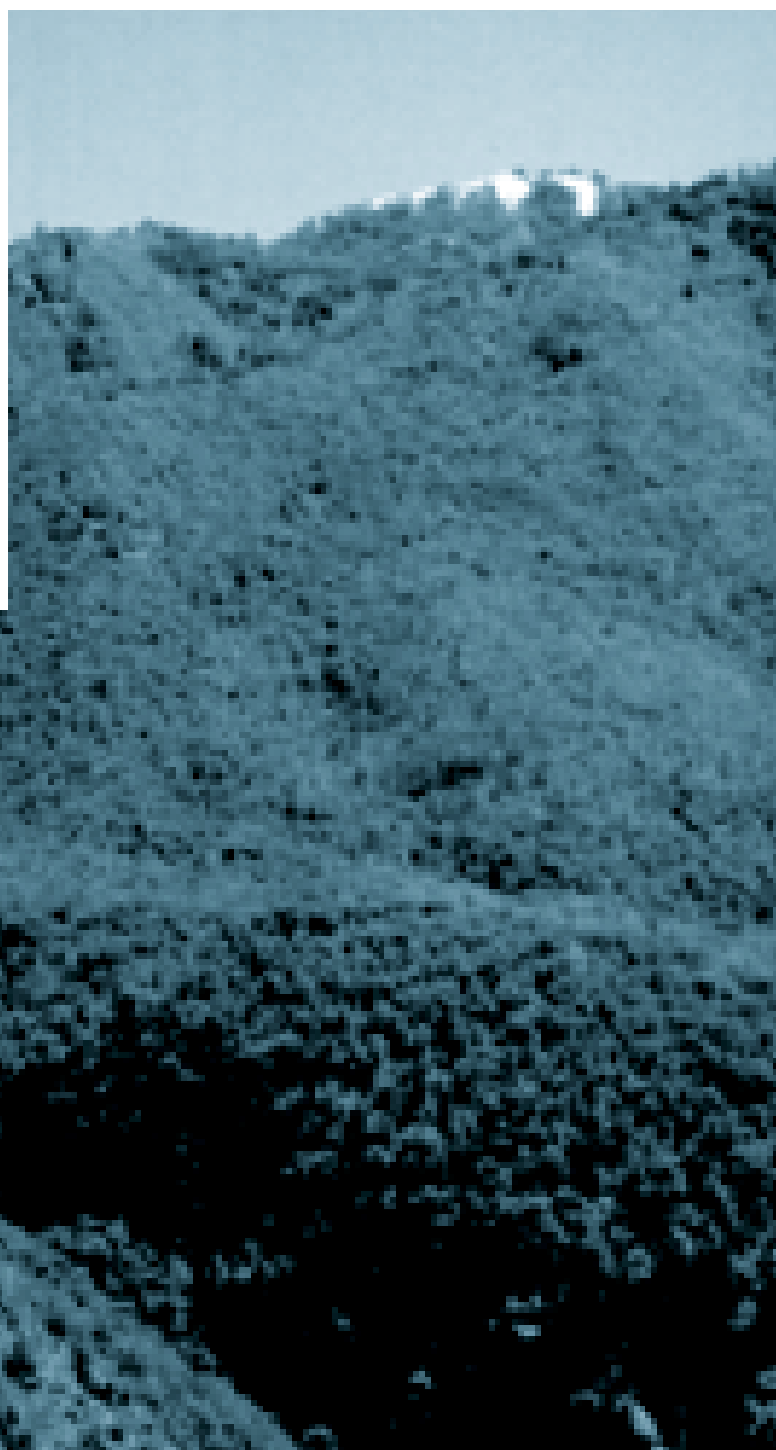


The CAO is an innovation in accountability in that it focuses on results on the ground.





- ▶ The hillside above Quepuco Ralco upstream from the Pangué dam.



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## funding message

In fiscal year 2003, the CAO had an administrative budget of \$1,866,446 of which IFC provided 80 percent, and MIGA 20 percent. In addition, the CAO has an agreement with IFC/MIGA that additional funds will be made available upon request to a CAO Contingency Fund, in the event of an unexpected volume of complaints, large scale mediation effort or other Ombudsman related activity. This contingency fund is \$1,000,000.

For specific mediation activities to be organized and/or managed by the CAO, in response to complaints to the Ombudsman, the CAO has developed a procedure whereby funds may be contributed by the parties to a dispute into a separate account to be managed by the CAO. The CAO funds from its own operating budget all complaint assessments. Once mediation has been agreed to, however, the CAO works with the parties on how it will be paid for. Of course some parties will not be in a position to contribute and here CAO has the option to draw down on the contingency fund referred to above.

**Yanacocha Dialogue Process** In FY 2003 the costs of the mediation process (mediators, trainers, training courses, caucus, and dialogue sessions, reporting and monitoring) were \$281,328. This figure is exclusive of the costs of CAO staff and time. This was met in part by Minera Yanacocha. From January 1, 2003 the dialogue process has been locally organized and is a project supported by the CAO.

In addition the CAO has managed, on behalf of the dialogue process, a water study. FY 2003 costs of the water study process were, of which \$1,396,680.87 was paid by Minera Yanacocha. The CAO recognizes the in kind contributions of time by community leaders, those participating as veyedores (observers) to the water sampling. These costs have not been quantified.

It is clear that good environment and social practice is the key to good business and that corporate social responsibility is essential for more sustainable and equitable development. The work of the CAO plays an important role in promoting this message.

## staff

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**Meg Taylor** *Compliance Advisor / Ombudsman*

A national of Papua New Guinea, lawyer and former Ambassador to the USA, 1989–1994. Cofounder of Conservation Melanesia working with communities in resource management. Founding member of Transparency International (PNG) building coalition of stakeholders to address corruption. Served on boards of corporations in the natural resource, financial and agriculture sectors.



**Rosemary Thompson-Elhosseine** *Team Assistant*

A native of Washington, DC, Rosemary brings a life of rich and eclectic experience to the CAO. For Rosemary, working for the CAO empowers her to believe that the extraordinary is possible and that the World Bank’s mission statement is plausible.



**Paula Panton** *Executive Assistant*

Paula brings to the CAO over 22 years of experience working with IFC. Known as the “Field Marshall” she works directly with Meg and provides administrative support to the unit.



**Michelle Malcolm** *Program Assistant*

A Belgian national, Michelle came to the CAO with extensive experience as a multilingual executive assistant and office manager in the private and public sectors in Europe, the Middle East and North Africa. She provides administrative support to the CAO as a whole, and works with Aidan on Compliance.



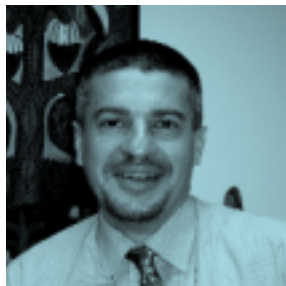
**Rachel Kyte** *Principal Specialist*

Rachel has a long career working on the intersection between environment, human rights, health and gender by founding and leading organizations in these fields, building partnerships with governments, international institutions and the private sector. Rachel continues to teach and train on these issues, in particular developing women's leadership.



**Aidan Davy** *Senior Specialist*

Aidan Davy has worked for over 15 years on environmental and social issues, with a range of private, international and not-for-profit organizations. He started his career in environmental consulting, but in recent years has worked mainly on corporate social responsibility.



**Jacques Roussellier** *Specialist*

Jacques brings a life and understanding of conflict management, and as the devil is in the details, his theological training could be an asset.



**Sara Gann** *Research Assistant*

Sara Gann has a varied work background, including stints as a museum archivist, information services manager, and flea market vendor. She is the chief editor of the CAO Web site, and chief finder of obscure facts and figures on the Web.

It is clear that good environment and social practice is the key to good business and that corporate social responsibility is essential for more sustainable and equitable development. The work of the CAO plays an important role in promoting this message.



# reference group

## may 2003 meeting

**David McDowell**

Chair and CAO Consultant

*Wellington, New Zealand*

**Motoko Aizawa**

International Finance Corporation

*Washington, DC*

**Ray Albright**

Asea Brown Boveri

*Washington, DC*

**S. Babar Ali**

World Wildlife Fund

*Karachi, Pakistan*

**Ronald Anderson**

International Finance Corporation

*Washington, DC*

**Alan Dabbs**

Social Capital Group

*Lima, Peru*

**Christine Eberlein**

Berne Declaration

*Berne, Switzerland*

**David Hunter**

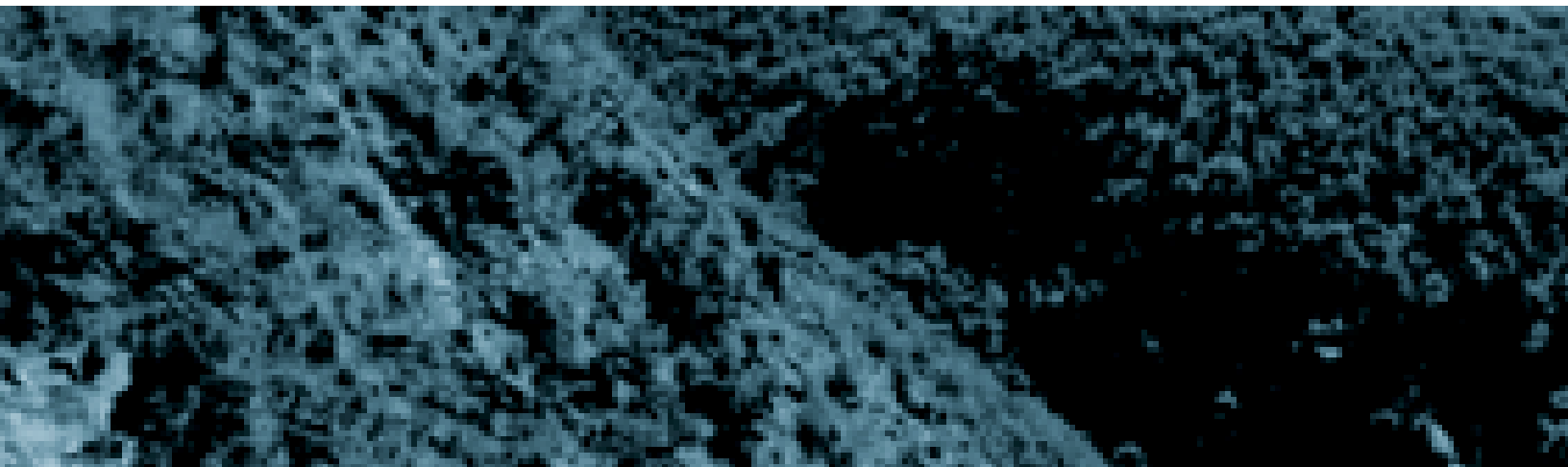
Center for International Environmental Law

*Washington, DC*

**Mary Irace**

National Foreign Trade Council

*Washington, DC*





**Ian Johnson**

World Bank  
*Washington, DC*

**Gavin Murray**

International Finance Corporation  
*Washington, DC*

**Ajay Narayanan**

The Infrastructure Development Finance Company  
*Mumbai, India*

**Joseph O'Keefe**

International Finance Corporation  
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**Catherine Reichardt**

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*Johannesburg, South Africa*

**Sven Riskaer**

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*Copenhagen, Denmark*

**Graham Saul**

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**Mark Swilling**

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It is clear that good environment and social practice is the key to good business and that corporate social responsibility is essential for more sustainable and equitable development. The work of the CAO plays an important role in promoting this message.

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## cao on the www

The CAO used its Web site to play a major role in the safeguard policy review process by posting review documents on the site for public comment, and soliciting responses to a series of questions about IFC's safeguard policies. The Web site is also used to post CAO reports, presentations and other documents, in order to make them available to the widest audience possible, as soon as they are released to the public. The Web site will be modified this year to make it more user-friendly and easy to navigate.

visit the CAO at [www.cao-ombudsman.org](http://www.cao-ombudsman.org)

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