

CAO

THE OFFICE OF THE COMPLIANCE ADVISOR/OMBUDSMAN

2005-06 ANNUAL REPORT



INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY



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*Cover photo by Connie Davis
Pehuenche community of the upper Bio-Bio, Chile.*

Our Role

The 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.

The Office of the Compliance Advisor/Ombudsman (CAO) is an independent post that reports directly to the president of the World Bank Group. The CAO reviews complaints from communities affected by development projects undertaken by the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Fund (MIGA). We work to respond quickly and effectively to complaints through mediated settlements headed by our ombudsman, or through compliance audits that ensure adherence with relevant policies. The CAO also offers advice and guidance to IFC and MIGA, and to the World Bank Group president, about improving the social and environmental outcomes of IFC and MIGA projects.

CRITERIA FOR A COMPLAINT

The CAO investigates complaints from any individual, group, community, entity, or other party affected or likely to be affected by the social and/or environmental impacts of an IFC or MIGA project. The complaint must relate to an aspect of the planning, implementation, or impact of an IFC or MIGA project, and there must be sufficient and specific grounds for a complaint.

THE CAO'S CASELOAD

Since 1999, the CAO has received 54 complaints on 21 different IFC/MIGA projects.

Of that total, 14 were rejected, 40 have been assessed, 31 have been closed, and 9 are ongoing (see summaries, pp. 12-24).

Message from the Compliance Advisor/Ombudsman

At the core of the CAO's business is ensuring that the people affected by IFC and MIGA projects are heard, and that outcomes on the ground are positive.

To make sure we are doing that job, we recently commissioned a review of our effectiveness and the degree to which our work is making a difference. This in-depth look at where we are, what we are doing well, and where we need to improve was based on all CAO cases from 1999—when we began operations—through 2005. (For more about this review, see p.10.)

The results of the effectiveness review were overwhelmingly positive. It showed that the CAO has consistently increased accountability and promoted better social and environmental awareness on the ground. The review also raised questions about our neutrality as ombudsman and how to enhance our compliance role.

The results point out that we need to do a better job of communicating the specific roles of the CAO, including what our interventions can and cannot do, and what parties should expect from a CAO process from start to finish. As with any third-party intervention, there are limitations to the services we provide, and we must be clear about what those are.

We have brought the results and recommendations of this review on board and are currently engaged in a consultative process to enhance our effectiveness. This will be our focus in the coming year. By providing greater clarity about our processes, enhancing our ability to achieve fair and acceptable procedures, and ensuring our neutrality while we help parties explore mutually agreeable solutions, the CAO can better fulfill its responsibility to help communities and IFC/MIGA project sponsors improve conditions on the ground.



Handwritten signature of Meg Taylor

Meg Taylor
September 2006

Overview of the CAO

The Compliance Advisor/Ombudsman (CAO) was established in 1999 as an independent recourse mechanism with the following aims:

- To help address the concerns of individuals and communities that are affected by IFC and MIGA projects;
- To enhance the social and environmental outcomes of IFC and MIGA projects;
- To foster greater public accountability by IFC and MIGA.

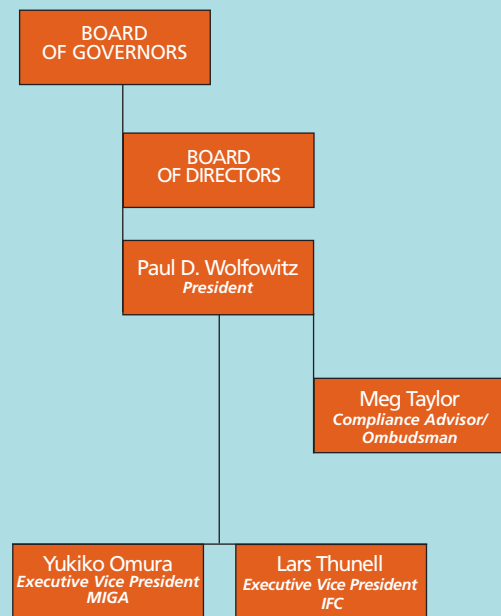
The CAO is independent of IFC and MIGA management and reports directly to the president of the World Bank Group. We play three distinct but complementary roles.

As ombudsman, the CAO attempts to resolve concerns through collaborative problem solving and mediated settlements.

In our compliance role, the CAO conducts audits of IFC's and MIGA's social and environmental performance to ensure compliance with policies, guidelines, procedures, and systems.

In our advisory capacity, we provide independent advice to the president and management on broader environmental and social policies, guidelines, procedures, and resources. For example, in FY 2003 we conducted an independent review of IFC's Safeguard Policies and completed a review of how sustainability issues have been dealt with in recent IFC and MIGA extractive industries projects. In FY 2006 we also submitted comments to the World Bank Group board on drafts of IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information.

The CAO and the World Bank Group



The CAO reports directly to the president of the World Bank Group. Independence from line management of IFC and MIGA enables the CAO to provide the two organizations with objective advice aimed at helping them do a better job of fulfilling their social and environmental commitments.

Balancing the Three Roles

Developing and balancing the three roles—ombudsman, compliance, and advisor—poses a unique set of challenges. The three roles together provide flexibility of response and a capacity to be proactive. All complaints are reviewed first by the ombudsman, who encourages the parties to address the issues jointly and explore options for a mediated settlement. Compliance audits may be triggered if the parties fail to reach agreement, or when issues of noncompliance with World Bank Group or IFC/MIGA safeguard policies are central to resolving a complaint.



The CAO draws a clear distinction between project-specific advice and policy-oriented and process-oriented advice. Our role is limited to the latter. The CAO does not give project-specific advice. Rather, the advisory role is intended to provide input on broader environmental and social policies aimed at improved performance and development outcomes.

We seek creative and practical proposals for settling issues raised in complaints, and encourage parties to engage in constructive dialogue. Although the CAO cannot compel parties to change their behavior or to abandon existing practices, we can call on IFC and MIGA to urge parties to participate fully in stakeholder negotiations and to implement agreements.

While remaining open and responsive to the views of all of those with an interest in the project, the CAO is committed to ensuring that the perspectives and concerns of local communities and vulnerable groups are taken into account. We challenge affected parties to seek their own solutions to their concerns by promoting an equitable and transparent framework within which those solutions can be discussed and agreed.

Negotiating solutions for the BTC pipeline in Tsemi, Georgia. The CAO challenges affected parties to seek their own solutions.

Who We Are

The **CAO staff** have a broad set of skills in their areas of specialization and bring in-depth experience from previous work with the private sector (see pp. 28-29). Senior staff are trained in mediation, dispute resolution, and facilitating compliance and accountability. When specific expertise is required, we hire short-term specialized consultants.

The CAO relies on a group of **Strategic Advisors** with expertise and insight on issues of process, accountability, and dispute system design (see p. 30).

A **Reference Group** advises the CAO periodically on matters of process and procedure. It draws on a diverse and independent set of stakeholders from the private sector, the NGO community, academia, and other institutions. Although the Reference Group does not give project-specific advice, it provides input on such matters as our operational guidelines and the CAO's contributions to institutional policies and reviews.

Independence from line management of IFC and MIGA enables the CAO to provide objective advice to the two organizations, aimed at helping them fulfill their social and environmental commitments. The Compliance Advisor/Ombudsman, Meg Taylor, was recommended to the president of the World Bank Group by an external selection team made up of civil society and industry representatives. All CAO senior staff come from outside the World Bank Group.

Confidentiality and Disclosure

Trust and confidence are essential prerequisites for the CAO in helping parties to a complaint identify mutually acceptable solutions. Thus confidentiality is important in the course of the investigation and resolution of a complaint or the conduct of an audit. As ombudsman, the CAO places the concerns of the complainant at the center of the complaint and resolution process.

The CAO respects the confidentiality concerns of the parties and also has a commitment to transparency of process. In many cases, there is no reason why disclosure of our reports should not be full and complete, subject to any limitations imposed at the request of an affected party.

To maintain transparency and reinforce institutional accountability, we aim for maximum disclosure of reports, findings, and results of the CAO process by reporting results on our Web site and in hard copy.

We have been working with the management of IFC and MIGA to ensure that staff include notification of the CAO's existence in all dealings with potential, new, and existing sponsors and clients.

GUATEMALA MARLIN GOLD MINE Seeking Mutual Agreement

In January 2005, some residents of Sipacapa, Guatemala, an indigenous community near the Marlin gold mine, submitted a complaint claiming that the mine would harm the quantity and quality of local water supplies and cause adverse social impacts, and alleging that they had not been adequately consulted about the mine's development.

The mine is owned and operated by Montana Exploradora de Guatemala, a subsidiary of Glamis Gold, a Canadian company. In June 2004, the IFC Board approved a \$45 million loan for the Marlin project.

The mine has attracted national and international attention from civil society organizations. The dispute is characterized by considerable fear, violence, and intimidation. There has been a heightened campaign against the mine by civil society groups in Guatemala and a number of protests. In June 2005, a popular referendum was held in the municipality of Sipacapa, and residents voted overwhelmingly against mining activities. The legal status of the referendum remains unresolved.

A CAO team visited Guatemala in April 2005 to assess the situation and interview the complainants, the government, and the project sponsor. An assessment report was released in September 2005 that presented information on the parties' positions and interests and the potential risks and impacts of the mine to local communities. The report proposed specific measures to promote dispute resolution, including the establishment of a participatory environmental monitoring program. A CAO team returned to Guatemala in October 2005 to release the report and discuss its contents with the parties.

In December 2005, a representative of the complainants, together with national and international NGOs, met in Washington, DC with World Bank Group President Paul Wolfowitz. At the request of the president, the CAO returned to Guatemala in January 2006 to assess the willingness of the parties to engage in a mediated dialogue. The assessment revealed that neither the complainants nor the company were willing to engage in a dialogue process led by "outsiders," including the World Bank Group. The CAO has requested that the IFC client publicly report on progress relating to the CAO recommendations made in September 2005, and that it carefully assess the risks of continuing exploration activities. We have also made recommendations for greater coordination between IFC and the World Bank Group in the mining sector in Guatemala. We have closed the complaint, but are prepared to re-engage at the request of the parties.



Residents of Sipacapa, near the Marlin gold mine in Guatemala.

ARGENTINA AND URUGUAY THE CELULOSAS DE M'BOPICUA (CMB) AND ORION PULP MILLS From Complaint to Audit

More than 39,000 people in Argentina and Uruguay signed a complaint in 2005, claiming that proposed IFC and MIGA investments in two pulp mills in Uruguay posed serious environmental and social risks. The complaint focused on the Celulosas de M'Bopicua (CMB) and Orion mills on the River Uruguay, an international waterway shared by Uruguay and Argentina. The complaint also raised questions about whether adequate consultation with affected communities had been carried out, and whether the project sponsors—Grupo Empresarial ENCE, of Spain, and Oy Metsa Botnia, of Finland—had conducted adequate environmental and social impact assessments.

The Orion and CMB projects are both seeking financing from IFC. Orion is also seeking a guarantee from MIGA. Both projects are greenfield eucalyptus kraft pulp mills.

The CAO, in its ombudsman function, appraised the complaint in September 2005 and recommended that the stakeholders enter into mediation to address several key issues. In addition, the ombudsman requested a compliance audit to clarify specific questions relating to IFC's and MIGA's disclosure practices. The audit report was publicly disclosed in March 2006 (see p. 25).

The parties have so far chosen not to seek a negotiated settlement and the case has been lodged with the International Court of Justice at the Hague, the Netherlands. The CAO has closed this case.



Ombudsman

The ombudsman's main objective is to help resolve complaints raised about the social and environmental impact of projects sponsored by IFC or MIGA, and to improve outcomes on the ground.

The ombudsman does not take sides in a complaint, but is an advocate for a fair and equitable process. The ombudsman works to help parties identify the key issues, explore mutually agreeable solutions, and address systemic issues that have contributed to the problem.

When the CAO receives a complaint, we assess it against basic criteria, including whether the project in question is sponsored by IFC or MIGA, and whether it involves issues of social or environmental impact.

If the complaint meets those criteria, the ombudsman begins an assessment of the issues, the key stakeholders, and the parties' willingness to resolve the complaint through a negotiated or mediated process. During the assessment phase, we clarify the various roles of the CAO and the options available to the parties during a CAO intervention. Whenever possible, the ombudsman encourages the parties to seek joint solutions and develop binding agreements.

In some cases, the issues raised in a complaint may form the basis for a compliance audit. This may occur if one or more of the parties are unwilling to negotiate a solution, or in cases where issues center on compliance with specific social and environmental policies of the host country or IFC/MIGA.

If a compliance audit is undertaken, the ombudsman role is typically considered complete. Complaints handled by the ombudsman can be closed once the parties have reached a mutually agreeable settlement, or if the ombudsman feels that it can no longer contribute to the resolution of a complaint.

In fiscal year 2006, the ombudsman received 11 complaints. Of this total, 8 were rejected, 4 have been assessed, 2 are ongoing, and 1 has been closed (see summaries, pp. 12-14).

It is not possible to solve all problems, but the CAO's approach provides a process through which parties are more likely to find mutually satisfactory solutions.

THE DEMOCRATIC REPUBLIC OF CONGO
DIKULUSHI MINE
Investigating Human Rights Allegations

On July 27, 2005, World Bank Group President Paul Wolfowitz asked the CAO to audit MIGA's due diligence for the Dikulushi Copper-Silver Mining Project in Katanga Province of the Democratic Republic of the Congo (DRC). A key issue was MIGA's due diligence with respect to security and human rights.

The project was developed by Anvil Mining, a Canadian company, and has been in production since 2002. In October 2004, Anvil Mining was required to provide logistical support to the army when the town of Kilwa, some 50 kilometers from Dikulushi, was taken over by a small rebel group. Kilwa is the point of export for Dikulushi copper and silver concentrates to Zambia. In reestablishing control over the town, the armed forces of the DRC allegedly killed civilians, including by summary execution, looted, and carried out other crimes, including extortion and illegal detention. In April 2005, MIGA provided \$13.3 million of political risk insurance to the project.

CAO issued an audit report in February 2006. We found that MIGA adequately followed its underwriting and risk management due diligence, but that these core business processes did not address whether the project might either influence the dynamics of conflict or whether security provision for the project could indirectly lead to adverse impacts on the local community. We found that while MIGA's initial adherence to its Environmental and Social Review Procedures (ESRPs) was adequate, its follow-through on some social aspects was weak. We also found that weaknesses in the ESRP due diligence, and on conflict and security issues specifically, echo a number of concerns that were the subject of our recommendations in our 2002 review of MIGA's ESRPs.

Regarding security and human rights, we found that MIGA did not fully understand the implications for its client of implementing the Voluntary Principles on Security and Human Rights (as required by the Management Response to the Extractive Industries Review), nor did it assess whether its client had the capacity to properly implement them.

We also note that in its due diligence, MIGA included provisions in the Contracts of Guarantee to reinforce the potential local benefits. MIGA rapidly responded to our recommendations and started to address the issues raised.

Compliance

In its compliance role, the CAO oversees audits of IFC's and MIGA's social and environmental performance, particularly in relation to sensitive projects, to ensure compliance with policies, guidelines, procedures, and systems. The primary focus of compliance auditing is on IFC and MIGA, but the role of the sponsor may also be considered, as well as the influence of other parties or factors on ensuring or hindering compliance.

We aim to enhance the social and environmental outcomes of IFC and MIGA projects on the ground by fostering adherence to and advancing more positive interpretations of IFC and MIGA policies and procedures.

The CAO audits are independent of, but complementary to, IFC's and MIGA's internal assurance efforts.

Since 1999, we have conducted 3 compliance audits and 2 compliance reviews. They are briefly summarized on pp. 25-26. The full audit reports and detailed findings can be found on the CAO Web site.

We initiate audits in response to concerns regarding the environmental or social impacts of specific IFC/MIGA projects, or as requested by the World Bank Group president or IFC/MIGA senior management.

CRITERIA FOR AN AUDIT

The criteria for an audit include IFC's environmental and social policies and procedures, including the Policy on Social and Environmental Sustainability, the Disclosure Policy, the Environmental and Social Review Procedures, Guidelines (including those outlined in the World Bank Group's Pollution Prevention and Abatement Handbook and additional IFC Environment, Health and Safety Guidelines), procedures, conditionality applied to a loan or guarantee (some of which may have origins in the Environmental Assessment or Environmental Management Plan), and host country legal and regulatory requirements (including obligations regarding international law).

The audit criteria for MIGA are broadly similar. The applicable environmental and social policies and guidelines are identified in the agency's procedures.

In February 2006, we commissioned an analysis of all our interventions since our establishment in 1999, including complaints, audits, and advisory interventions. The review aimed to assess the effectiveness of our three functions and the extent to which CAO interventions are responding to stakeholders' concerns and improving conditions for people on the ground. The review also sought to map the trend in types of complaints, and to determine whether CAO activities have contributed to our mission of enhancing the development impact and sustainability of IFC and MIGA projects and fostering a higher level of accountability.

The independent consultants who conducted the review interviewed more than 100 people who have been party to a CAO intervention. The review found that a very small proportion of IFC/MIGA projects—1 percent—result in complaints to the CAO. Where complaints are made, they almost always reflect complex situations and a particularly challenging political environment with a poor record of problem solving between the complainants and the project sponsor. By the time the complaint reaches the CAO, there is often an attendant lack of mutual trust or respect between the stakeholders. The review concluded that under these difficult circumstances:

- CAO has made a substantive contribution to enhanced accountability for IFC and MIGA projects through its interventions, and has also played a strong role in promoting institutional accountability.
- CAO interventions have generally resulted in improved development outcomes on the ground, when defined as enhanced mitigation activities or socioeconomic benefits and enhanced social/environmental management capacity.

- Commitment to alternative dispute resolution from IFC/MIGA as well as project sponsors is critical to supporting enhanced outcomes for the CAO.

To achieve greater success in dispute resolution, the review found that:

- Commitment to alternative dispute resolution by all stakeholders is critical, particularly with respect to ensuring full resolution of the issues giving rise to complaints.
- The CAO needs to be clear as to when we must take the role of ombudsman, rather than the more judgmental role of compliance.
- Implementation of CAO recommendations needs to be thoroughly tracked.

The review was extremely useful in revealing findings and suggesting the implications of these findings for our future work. The review also was useful in highlighting common areas of confusion by stakeholders and in identifying areas where we could clarify and revise procedures.

We are committed to revising our procedures to address the findings in the review and to working with IFC and MIGA and sponsor companies to enhance the opportunities for alternative dispute resolution. Looking forward, we will focus our efforts on enhancing our role in providing access for people affected by IFC/MIGA projects as a fair and trusted independent recourse mechanism.

Advisor

In its advisory role, the CAO provides a source of independent advice to the president of the World Bank Group and senior management of IFC and MIGA. The CAO will provide advice in relation to broader environmental and social policies, guidelines, procedures, strategic issues, trends, and systematic issues. The CAO does not give project-specific advice but can offer generic advice on emerging or strategic issues and trends, policies, processes, and matters of principle. By drawing lessons to be learned and channeling them back to IFC and MIGA, the CAO advisory role can reinforce the effectiveness of these institutions.

To date, we have reviewed or offered comments on:

- FY 2002: Independent review of the application of MIGA's Environment and Social Review Procedures;
- FY 2003: A major independent review of IFC's Safeguard Policies;
- FY 2003: Extractive Industries Review, regarding IFC and MIGA oil, gas, and mining projects;
- FY 2006: The January 25, 2006 drafts of IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information.

These reviews and comments are available on the CAO Web site.

The CAO provides an independent channel of advice to the president and senior management of the World Bank Group.



Summary of CAO Complaints June 1999–June 2006



Since its inception in 1999, the CAO has received 54 complaints on 21 different IFC/MIGA projects. Of that total, 14 were rejected, 40 have been assessed, 31 have been closed, and 9 are still open. Summaries of the 54 complaints appear below, according to the fiscal year (FY) in which they were received.

FY 2006 (July 2005–June 2006)

BELIZE

NOVA

Received January 2006; Rejected January 2006

The complainant, an individual residing near the agribusiness project, raised concerns about the inadequacy of IFC's annual environmental and social monitoring reports, as well as concerns about possible environmental impacts to the barrier reef located near the project. The CAO formally rejected the complaint and forwarded the complaint and supporting documentation to the Director of the IFC Agribusiness Department and requested that the department respond directly to the complainant.

GEORGIA

Baku-Tbilisi-Ceyhan Project, Vale (2)

Baku-Tbilisi-Ceyhan Project, Vale (3)

Received August 2005; Rejected September 2005

Both complaints were confidential complaints, filed by the owners, relating to land compensation. CAO did not accept the complaints. However, BTC and the complainants agreed to discussions facilitated by the CAO and the Georgian Young Lawyers Association.

Baku-Tbilisi-Ceyhan Project, Gardabani Region

Received December 2005; Open

Some residents raised health and safety concerns regarding a number of aspects of the pipeline near their homes. CAO is currently assessing the issues to determine whether the parties are willing to negotiate a settlement.

INDIA

Allain Duhangan (2)

Received August 2005; Rejected September 2005

The complaint, filed by 35 individuals—different than those in the first complaint, but residing in the same community—raised the same issues as the first Allain Duhangan complaint received in 2004, and thus was rejected (see p. 16).

Ramky (1)

Received August 2005; Rejected October 2005

The complaint, lodged by individuals from a community near a possible location for the project, raised concerns about the procedure for approving the location of the Ramky waste management facility, as well as concerns about possible environmental impacts resulting from air and groundwater contamination. The CAO forwarded the complaint and supporting documentation to the Director of the IFC Infrastructure Department and requested that the department respond directly to the complainant.

Ramky (2)

Received September 2005; Rejected October 2005

The complaint, lodged by an Indian Civil Society Organization (CSO), the Corporate Accountability Desk, raised similar concerns as the first Ramky complaint received in August 2005. Ramky (2) was rejected because the CSO was not directly affected by the Ramky project.



Summary of CAO Complaints *continued*

KENYA

Lesiolo

Received April 2006; Rejected April 2006

The complaint, filed by the directors of the Lesiolo project company, raised issues regarding the disbursement of funds by IFC. These issues are outside the mandate of the CAO. Therefore the complaint was forwarded with supporting documentation to the Director of IFC's Global Manufacturing and Services Department, requesting that the department respond directly to the complainant.

PAKISTAN

DG Khan Kahoon

Received December 2005; Rejected January 2006

The complaint, filed by an Environmental Protection Committee for the region, raised issues regarding the siting of several cement plants and the Environmental Impact Assessments that were completed for them. The CAO did not accept the complaint in part because the matter is pending in the courts.

PERU

Yanacocha, Canal Users

Received March 2006; Open

Members of canal users' associations in the area surrounding the Yanacocha gold mine petitioned for assistance in continuing the water monitoring program that the CAO supported from 2002 to 2005. That program stemmed from previous complaints involving a 2000 mercury spill and subsequent water quality issues (see p. 23). In this petition, the canal users raise questions about the current and potential impact of mining activity on the water quantity in their canals, rivers, and mountain streams. A CAO team traveled to Peru in May 2006 to meet with canal

users and with representatives from Minera Yanacocha to assess the parties' willingness to engage in joint fact finding. During CAO's assessment trip, the stakeholders agreed to participate in a workshop, scheduled for Summer 2006, to discuss the specific water quantity concerns, exchange information that may address those concerns, and to identify gaps and opportunities for how to address unresolved questions or issues.

URUGUAY

Celulosas de M'Bopicua (CMB) & Orion

Received September 2005; Closed May 2006

More than 39,000 people in Argentina and Uruguay signed a complaint in 2005, claiming that proposed IFC and MIGA investments in two pulp mills in Uruguay—the Celulosas de M'Bopicua (CMB) and Orion mills—posed serious environmental and social risks (see story, p. 6). The CAO appraised the complaint and accepted it. The CAO preliminary assessment report was distributed to stakeholders. The Ombudsman function triggered a compliance audit. The audit report was publicly disclosed on March 24, 2006 (see p. 25). The CAO closed the ombudsman complaint in May 2006, as Argentina presented a petition on May 3, 2006 with the International Court of Justice.

FY 2005 (July 2004–June 2005)

BOTSWANA

Kalahari Diamond

Received November 2004; Closed June 2006

Indigenous San people (known in the complaint as First People of the Kalahari, Botswana) filed a complaint in November 2004 regarding a proposed diamond mine (operating as Sekaka Diamonds in Botswana), alleging they have

been illegally evicted from their traditional hunting grounds because of the project. The CAO appraised and accepted the complaint. The CAO's Senior Specialist visited the site in January 2005 and prepared an assessment report, released in June 2005, which found that the San people were displaced due to a policy of the Government of Botswana unrelated to the diamond exploration activities. The CAO found that the mine was not invasive or disruptive to the San's traditional hunting and gathering way of life. After receiving feedback from the complainants, project sponsors, and IFC, the CAO revised the assessment report, which was released in June 24, 2005 and placed on the CAO Web site. The complaint was closed in June 2006.

GEORGIA

Baku-Tbilisi-Ceyhan Project, Tsemi Village 2 A *Received June 2005; Open*

Residents from Tsemi Village in the Borjomi Region filed a complaint in June 2005 seeking compensation for sediments in the village's drinking water supply, and for an alleged drop in tourism during the summers of 2004 and 2005 due to this water problem. The discolored water was allegedly caused by erosion stemming from construction of a BTC pipeline right-of-way into the spring that serves as the domestic water supply for Tsemi and three other villages. In December a CAO team met with the complainants and BTC representatives. The parties agreed to the following:

- BTC will provide Tsemi Village with approximately 2 km of water pipe to replace the section that was impacted before and during construction of a new head facility.
- Tsemi residents will take responsibility for installation of the new water pipe.

- BTC will meet with complainants and representatives of local- and district-level governments to discuss options for promoting tourism in the region through an advertising campaign funded by BTC.

As of June 2006, the complaint was still open.

Baku-Tbilisi-Ceyhan Project, Tsemi Village 2 B *Received June 2005; Open*

An individual from Tsemi Village alleged that his hay was damaged because of construction traffic and that BTC—in assessing the claim—took the only copy of his land ownership documents for review and lost them. BTC rejected the allegation of damaged hay and was unwilling to engage with the CAO or the complainant to resolve it. The CAO made a series of inquiries to help resolve the issue of the land ownership documents. BTC responded that it cannot find the documents. The CAO has encouraged Green Alternative, an NGO representing the complainants, to pursue the matter through local government records offices to secure a copy of the documents. That portion of the complaint remains open.

Baku-Tbilisi-Ceyhan Project, Tsalka *Received July 2004; Closed May 2005*

The complainants, individuals from the village of Tsalka, alleged that a pipeline construction work camp in their village has caused multiple instances of flooding of homes and outbuildings because of an increase in impermeable surfaces and lack of adequate storm water management during camp construction. The CAO found that BTC and its subcontractor, Spie-Capag and Petrofac Joint Venture (SPJV), had responded to some of the complainants' concerns, had provided some compensation to individuals, and had made some repairs to municipal roads and ditches.

Summary of CAO Complaints *continued*

The CAO recommended that the complaint process be streamlined by BTC and SPJV. The CAO closed the complaint in May 2005.

Baku-Tbilisi-Ceyhan Project, Vale (1)

Received August 2004; Closed December 2005

An individual filed this confidential complaint, related to land compensation. BTC and the complainant agreed to a settlement facilitated by the CAO and Georgia Young Lawyers Association. The complaint was closed in December 2005.

GUATEMALA

Marlin

Received January 2005; Closed May 2006

An NGO representing indigenous people from the municipality of Sipacapa filed a complaint in January 2005, alleging that the Marlin gold mine would harm local water quality and quantity, harm the environment, and cause negative social impacts. The complainant also alleges that indigenous residents were not adequately consulted about the project. The CAO appraised and accepted the complaint in March 2005. As part of its assessment process, CAO met with the IFC project team, visited the project area in April 2005, conducted a desk review of project documentation, and commissioned an independent technical review of the project's environmental documentation. The original assessment report was released on September 8, 2005. The CAO conducted two follow-up missions, one from October 3 to 10, 2005 and the other from January 23 to February 2, 2006 (see p. 5). The CAO closed this complaint in May 2006 and has asked all parties to monitor and report on the implementation of the CAO recommendations.

INDIA

Allain Duhangan (1)

Received October 2004; Open

People living in the Himachal Pradesh region filed a complaint in October 2004, alleging that water supplies will dry up because of the project's diversion of the Duhangan River and that the Environmental and Social Impact Assessment documents prepared by the sponsor neither adequately consider the legitimate concerns of the villagers nor provide a sufficient basis for informed consultation on key impacts of the project. The CAO appraised and accepted the complaint. As part of the assessment process, the CAO's Senior Specialist met with the IFC project team and met with complainants and sponsors during a site visit. He also participated in a mediation session among stakeholders, results of which are available on the CAO's Web site. After receiving feedback from complainants, the assessment report was revised, finalized, and made public on the CAO Web site in March 2005. During a follow-up visit in April 2005, the complainants and company agreed to specific next steps toward dispute resolution. The complaint, as of June 2006, was still open.

KAZAKHSTAN

Berezovka

Received September 2004; Open

The CAO continues to work toward resolution of a complaint filed in September 2004 regarding the Karachaganak Petroleum Operation (KPO). Since the initial field trip and release of an assessment report in early 2005, the parties have been involved in negotiations over the issues raised in the complaint and possible solutions. In February 2006, the CAO returned to Kazakhstan to meet with the Berezovka Initiative Group, which filed the complaint, and to talk with participants in KPO's Village

Council Initiative, a newly formed community engagement program aimed at improving communication and information sharing among stakeholders. As part of this initiative, KPO has proposed that the Village Council convene a stakeholder-driven air quality monitoring program. The CAO ombudsman, who had advocated such a program in the initial recommendations, is encouraging the parties to pursue this option. A proposal for how the parties might collaboratively design and implement this program has been forwarded to the parties for their input. The CAO has offered to return to Kazakhstan to facilitate final design and implementation strategies. As of June 2006, the complaint was open.

PERU

Antamina (2)

Received June 2005; Closed May 2006

In May 2005 a local union chapter of the Federation of Peruvian Fishermen and the NGO, Life and Environmental Impacts, filed a complaint claiming that the port facilities of the Antamina copper and zinc mine (a project guaranteed by MIGA) were harming the marine environment of Huarney Bay. In November 2005 the CAO visited Huarney to explore the issues and help parties identify steps toward resolution. In addition, the CAO contracted an independent hydrologist to conduct a technical review of the potential impacts on the marine environment of Huarney Bay and groundwater sources near the town of Huarney. The CAO met with the complainants, Antamina representatives, local governmental officials, the MIGA project team, and members of a local monitoring committee that oversees data and information relating to the port facilities.

In March 2006 the CAO returned to Huarney to release the assessment report and results of the technical review. Although the technical assessment found no significant impacts from Antamina's operations on the marine envi-

ronment, other issues regarding groundwater and information disclosure emerged during the ombudsman's and hydrologist's investigations. The complaint was closed in May 2006, but at the parties' request the CAO agreed to facilitate a workshop aimed at designing a more collaborative approach for addressing issues of joint concern, including strategies for wastewater storage and treatment, and systematic approaches to data and information sharing.

TURKEY

Baku-Tbilisi-Ceyhan Project, Posof Village

Received June 2005; Closed July 2005

At the request of the complainants, this confidential complaint relating to land compensation was closed in July 2005.

FY 2004 (July 2003–June 2004)

GEORGIA

Baku-Tbilisi-Ceyhan Project, WWF (1)

Received December 2003; Rejected December 2003

The World Wildlife Fund claimed that the oil pipeline poses a threat to Georgia's national parks and national mineral water industry. The complaint also alleged that local people have not been presented with adequate information about the potential risks. The complaint did not meet the CAO's acceptance criteria because it was not filed by or on behalf of an individual, group, or community affected (or likely to be affected) by the social and/or environmental impacts of the project. The complaint was not accepted.

Summary of CAO Complaints *continued*

Baku-Tbilisi-Ceyhan Project, WWF (2)

Received March 2004; Rejected March 2004

The World Wildlife Fund expressed concern about project impacts on the Caucasus-Anatolian-Hyrcanian temperate forests. The CAO conducted an appraisal mission April 4-5, 2004. No link was found between the complainant and the affected persons or community. The complaint was not accepted.

Baku-Tbilisi-Ceyhan Project, WWF (3)

Received March 2004; Rejected May 2004

The World Wildlife Fund submitted a complaint that included many of the same issues as the WWF (1) complaint; however, the WWF (3) complaint contained signatories. The CAO conducted an appraisal May 19-20, 2004 to interview some of the signatories. No link was found between the complainant and the affected person or community. The complaint was not accepted.

Baku-Tbilisi-Ceyhan Project, Rustavi Landowners

Received March 2004; Closed April 2004

Residents of sub-districts 18 and 19 in Rustavi alleged they were not informed that the pipeline would pass within 250 meters of their homes until after construction had begun. They also raised issues about pipeline safety and the effects of construction and operational vibration on their homes and apartment buildings. BTC increased engagement with this community and some concerns have been resolved. The CAO closed the complaint in April 2004.

Baku-Tbilisi-Ceyhan Project, Bashkovi

Received May 2004; Closed February 2005

An individual filed a complaint in May 2004, claiming to

have lost significant income from his apiary because vegetation was removed from a pipeline right-of-way during construction. The complainant alleges he should have been provided with assistance to move his bees "at least 7 km from the [pipeline] route." BTC rejected the claim as being outside the physical boundary of those qualifying for compensation and was unwilling to re-open negotiations on this case—despite claimant's request for special consideration. The CAO closed the complaint in February 2005.

Baku-Tbilisi-Ceyhan Project, Dgvari

Received May 2004; Closed February 2005

The residents of the village alleged that BTC did not assess the affects of pipeline construction in the area, a severe landslide zone, and as a result, was unable to determine adequate mitigation measures. The CAO found it unlikely that pipeline construction would change the landslide risk to Dgvari. BTC produced studies that show it has considered landslide risks in the region. The CAO closed the complaint in February 2005.

Baku-Tbilisi-Ceyhan Project, Tba, Tsemi, Sadgeri

Received May 2004; Closed January 2005

Three villages in Borjomi District submitted complaints that raised issues about pipeline construction affecting village water supplies and the potential impact of oil spills and pipeline sabotage on agriculture and tourism. The complaints also charged that BTC provided no or insufficient communication related to the pipeline. BTC installed a new domestic water system to serve the three villages, and the CAO closed the complaint. However, Tsemi village filed a subsequent complaint in June 2005 (see Tsemi Village 2A), alleging continued problems with domestic drinking water. The CAO closed the complaint in January 2005.

Baku-Tbilisi-Ceyhan Project, Rustavi City
Received May 2004; Rejected June 2004

The confidential complaint regarding land issues was rejected in June 2004 because the case is being considered in a in a Georgian court.

Baku-Tbilisi-Ceyhan Project, Tetriskaro (Individual 1)
Received May 2004; Closed February 2005

An individual claimed that his telephone line and a wall surrounding his property were damaged by construction trucks. He also alleged that the movement of heavy trucks along the street adjacent to his house damaged water pipes. The parties were unwilling to negotiate a settlement, and CAO believes no further progress can be made with this complaint. The CAO closed the complaint in February 2005.

Baku-Tbilisi-Ceyhan Project, Tsikhisjvari
Received May 2004; Closed June 2006

The complainant, a landowner, claimed that sponsors' trucks and other vehicles drove across his pasture, using it as a short-cut road. He was promised compensation but had not received anything. The party was unwilling to negotiate a settlement and the CAO believes no further progress can be made with this complaint. The CAO closed the complaint in June 2006.

ZAMBIA
Konkola

Received July 2003; Closed January 2005

The CAO received and accepted a complaint in July 2003 from a local NGO, Citizens for a Better Environment (CBE), on behalf of people in Ming'omba and Kawama, who were involuntarily resettled as a result of mining

operations. The complaint argued that because of Anglo Gold's exit from the Konkola Copper Mine (KCM), the IFC had prematurely abandoned the project before the full implementation of the Resettlement Action Plan (RAP), in violation of its Safeguard policies. The complaint also alleged that IFC never consulted or publicly disclosed to the affected communities its decision to exit the project, contradicting its own policy on public consultations and disclosure and leading to uncertainty and desperation in the minds of affected people.

The CAO found that neither the IFC's operational procedures nor its investment and subscription agreements for KCM obligated it to remain engaged in the environmental and social performance of KCM after its exit as an investor and shareholder. However, at the time of exit, IFC did engage with KCM to help it continue its environmental and social programs and to ensure the completion of the RAP. The CAO concluded its involvement in the complaint. It did recommend, however, that the resettlement should include coordination, partnership, patience, and creativity, and that IFC should find sources of technical support for KCM to increase its capacity to fulfill its social agenda. IFC reported that it had exited the project with many environmental and social commitments uncompleted, but indicated that its involvement, even for a short time, had led to considerable improvements in environmental and social conditions, as compared to before its investment.

FY 2003 (July 2002–June 2003)

BOLIVIA
COMSUR

Received June 2003; Closed May 2005

The complaint was filed by Coordinating Entity for the Ethnic People of Sanat Cruz (CPESC), an NGO of represen-

Summary of CAO Complaints *continued*

THE BAKU-TBILISI-CEYHAN (BTC) PROJECT: CONSTRUCTION VIBRATION

Atskuri (1), Atskuri (2), Sagrasheni, Tadzrisi, Tetriskaro (Individual 2), Tetriskaro (Parnavazi Street), Tetriskaro (Region), and Tetriskaro (Stalin Street)

Residents of Atskuri, Sagrasheni, Tadzrisi and Tetriskaro filed six complaints in FY 2005 and two in FY 2004. Six complaints were closed in February 2006; two remain open.

In late 2004, the CAO received eight complaints from four villages in the Borjomi region of Georgia, each alleging cracks to homes and apartment buildings as a result of BTC construction vibrations (blasting, works, and traffic). After a protracted period, BTC Co. commissioned an independent technical analysis of the methods it used to assess construction-related vibrations and the risks to buildings along the right of way. The independent consultant's report concluded that while BTC's methods for assessing vibration risks did not meet international standards, the allegations relating to cracks from construction traffic were not likely to be the cause of cracking. Six complaints were closed in February 2006: Atskuri (1), Atskuri (2), Sagrasheni, Tetriskaro (Parnavazi Street), Tetriskaro (Individual 2), and Tetriskaro (Stalin Street).

Two of the eight claims remain open. In the case of superficial cracks associated with blasting, the independent technical report recommended that additional tests be carried out. BTC Co. completed that testing in April 2006 and as of June 2006 was still analyzing the results. The company agreed to compensate affected houses for superficial damage if the results indicate that BTC was liable. In the construction-traffic claim by residents of Tadzrisi, BTC agreed to conduct measures comparing cracks in houses along the right of way to those farther from the right of way. Complainants were invited to participate in the measuring. The company agreed to compensate appropriately if cracks along the right of way are more significant, and residents agreed to accept the outcome of those measures.

tatives from communities in the Bosque Chiquitano. The complaint alleges a number of issues, principally that during implementation and development of the Don Mario mining project, there was inadequate consideration of the ecological value and sensitivity of the ecosystems, leading to a flawed Environmental Impact Study; that indigenous people in the project area were not adequately consulted or given enough information; that there were no Indigenous People's Development Plans (IPDPs), and no compensation for project impacts, despite numerous objections; and that the rights of indigenous peoples were violated, as established in ILO Convention No. 169 and the Environmental Law of Bolivia; and that the guidelines of the World Bank were not followed. In July 2003, the CAO ombudsman investigated and commissioned an independent review of COMSUR to evaluate its capacity for effective management of the social and environmental aspects of operations. The CAO then moved the complaint from its ombudsman function to its compliance function. The complaint was closed in May 2005.

CHILE

Pangue (2)

Received July 2002; Open

In July 2002 a group of indigenous Pehuenche women filed a complaint alleging that the Pangue hydro electric project was adversely impacting indigenous communities and the environment in the Upper Bio-Bio watershed, and that the project was failing to mitigate these impacts. The complaint also stated that the company had not adequately compensated people affected by the project.

The CAO assessed the complaint and issued a report on May 5, 2003. With CAO support, the complainants and the project sponsor arrived at an agreement in 2003 that resolved the compensation issues. During 2005 and early 2006, the CAO worked with local, indigenous organizations

to address the broader cultural impacts of the project. A settlement agreement was finalized in March 2006, which focuses on local development capacity building. The CAO will oversee the implementation of this agreement by UNIMACH, the Educational Corporation of the Mapuche University and local Pehuenche institutions. As of June 2006, Pangue (2) was still open.

FY 2002 (July 2001–June 2002)

INDIA

Chemplast

Received June 2002; Closed January 2005

CorpWatch India and the Cuddalore District Consumer Federation Council filed a complaint on behalf of communities that will be affected by the project, in Cuddalore. The complaint was closed in January 2005 because IFC has failed to renew the project.

TANZANIA

Bulyanhulu

Received January 2002; Closed January 2005

The Lawyers Environmental Action Team (LEAT) filed a complaint on behalf of the Small Scale Miners Committee of Kakola, Tanzania, suggesting that the mine's operations were not in compliance with World Bank Group standards. The CAO visited the site in March 2001 and found that the available evidence did not indicate that the mine was responsible for miners' deaths – as alleged in the complaint. The CAO also found that claims were exaggerated about the number of people forcibly relocated by the mine at the time of land clearance. On environmental issues, the mine's activities were found to be in line with best practice in the mining industry. The CAO did not carry out a compliance audit, as it was satisfied that the mine

Summary of CAO Complaints *continued*

appeared to meet a standard of compliance. The CAO did suggest that there was opportunity for the mine, the communities, the NGOs in the area, and the government to strengthen their partnership, which might lead to greater investment in the people of the area. Reaction from the NGOs was negative to the CAO assessment report. The complaint was closed in January 2005.

UGANDA

Bujagali (3)

Received July 2001; Closed January 2005

The complainant, a Ugandan-born Canadian, claimed that the grave of his grandfather and other graves were located on Dumbell Island, which was to be submerged in the Bujagali Falls reservoir. The complainant alleged that Bujagali Falls in general, and his grandfather's gravesite in particular, were sacred sites and should be preserved, and that this project did not comply with World Bank Group policies regarding burial sites and protection of indigenous culture and traditions. Given the CAO assessment, the CAO concluded that the evidence provided by the complainant could not be verified. The complaint was closed in January 2005.

FY 2001 (July 2000–June 2001)

CHILE

Pangue (1)

Received August 2000; Closed January 2005

In 2000 the CAO received a complaint from a Pehuenche individual who had been resettled as a result of the Pangue hydroelectric project (see Pangue 2, p. 21) and alleged that he had not received due compensation. The CAO visited the region in August 2001 and helped to negotiate an agreement between the

complainant and the company. In January 2005 the CAO closed the complaint.

JORDAN

Gateway (1)

Received December 2000; Rejected December 2000

The complaint was filed by Friends of the Earth, Middle East. The complaint was unable to clarify how the complainant would likely be affected by the project. Thus the complaint was rejected in December 2000.

Gateway (2)

Received January 2001; Closed January 2005

The complainants, local individuals from the area of the planned Gateway industrial park project, expressed concerns about the environmental and social impacts of the project and contended that the historical and cultural significance of the Jordan River would be negatively impacted. The CAO visited the site in February 2001. Following this assessment trip, the CAO, in a memorandum to the World Bank Group president and in its statement to the board, recommended to IFC that Jordan Gateway Project management and IFC management ensure that a project brief be prepared and circulated to affected people; that Jordan Gateway Project management and IFC management look in detail at ways to encourage community dialogue over time and as the phases of development unfold; and that the IFC project team ensure that in ongoing project supervision, communities on the Israeli and Jordanian sides are visited and their opinions and suggestions actively canvassed. The board requested that IFC take on the CAO's recommendations. The case was closed in January 2005.

PERU

Antamina (1)

Received September 2000; Closed January 2005

A local union chapter of the Federation of Peruvian Fishermen filed a complaint alleging inadequate consultation with local people, problems with resettlement, and incomplete disclosure about mining activities and their environmental impacts concerning construction of a concentration plant and loading dock at Huarney.

The CAO appraised and accepted the complaint. The CAO reviewed MIGA's environmental and social due diligence, and made public the Preliminary Audit and Review in February 2001. The CAO closed the complaint on January 19, 2005.

Yanacocha, Choropampa

Received January 2001; Closed November 2003

In December 2000, the CAO received a complaint from the Frente de Defensa de Choropampa, citizens affected by the June 2000 mercury spill, in which a truck contracted by the Yanacocha gold mine spilled elemental mercury along 41km of public road. Some local residents collected the mercury and were exposed to harmful levels of mercury. The complaint alleged that health problems were worsening, and that Yanacocha was failing to honor its commitments to the people affected by the spill.

The CAO had overseen an independent investigation of the mercury spill, which was made public in October 2000. The investigation found that there were several gaps in the company's hazardous waste management and emergency response procedures. In response to the complaint, the CAO met with the parties, who agreed that an independent health evaluation would help address health concerns. Over the next two and half years, the CAO attempted to implement the evaluation and encountered several barriers

from the Ministry of Health and Non-Governmental Organizations. The CAO decided not to pursue the health study because it did not have institutional or social support. A group of people affected by the spill filed suit against one of the project sponsor companies, Newmont Mining, in U.S. and Peruvian courts. The cases continue to be deliberated in U.S. and Peruvian courts.

Yanacocha, FEROCAFENOP

Received March 2001; Closed March 2006

In March 2001, the CAO received and accepted a complaint filed by the Federation of Rondas Campesinas (FEROCAFENOP), which alleged various adverse social and environmental impacts of the Yanacocha gold mine on local farming communities in the department of Cajamarca. Recognizing the need for a comprehensive approach to addressing community-mine conflicts, the CAO supported the creation of a multi-stakeholder dialogue roundtable, the Mesa de Diálogo y Consenso, in Cajamarca. The Mesa began functioning in September 2001, and over the next four and a half years it sought to create an open forum for dialogue that helped prevent and resolve conflicts between Cajamarcan communities and Yanacocha. To this end, the Mesa facilitated conflict mediation training in 2002 and oversaw a 20-month independent participatory study of the mine's impact on water in the region, which was completed in October 2003. The Mesa subsequently led a participatory water quality monitoring program and presented the results to local groups throughout 2005 and the first quarter of 2006. These efforts have contributed to dialogue and public understanding of water issues in the region and have received positive recognition from a wide range of community, company, and government participants. In February 2005 the CAO commissioned an independent evaluation of the Mesa, which was made public in May 2005. The CAO concluded its phased withdrawal from the Mesa in March 2006, and

Summary of CAO Complaints *continued*

both the Mesa and the monitoring work have concluded. The CAO made public its Exit Report in March 2006. The CAO is in the process of synthesizing a series of reports on the history, challenges, and lessons learned from its intervention in Cajamarca.

NIGERIA **Niger Delta**

Received June 2001; Closed January 2005

In June 2001 Environmental Rights Action, the Nigerian chapter of Friends of the Earth, filed a complaint, encompassing issues such as lack of consultation and transparency in preparing the Loan Facility; the security situation in the Delta; the choice of SPDC as a partner, given its past and current environmental and social record; the environmental and social performance of Shell contractors; the employment practices of Shell contractors; the current record of community development by Shell; and lack of preexisting conditions of regulation and enforcement that would support compliance with the procedures for any Facility operating in the Delta and in the oil economy.

The CAO appraised and accepted the complaint in June 2001. The Final Assessment Report was completed in August 2001. It suggested that IFC and the Facility partners consider criteria to ensure that the Facility serves contractors who are local and indigenous to the Delta; develop a participatory monitoring and evaluation program; and improve marketing to local contractors about the availability of low-interest loans to ensure that they are aware of and know how to access the Facility. It also recommended that IFC/World Bank examine complementary facilities that would cater to the express needs of small-scale entrepreneurs for microcredit and to ensure access to credit in the Delta. The complainants rejected

the CAO assessment because they did not agree with the CAO's recommendations. The CAO closed the complaint on January 19, 2005.

UGANDA **Bujagali (1)**

Received November 2000; Rejected December 2000

The complaint, lodged by the National Association of Professional Environmentalists (NAPE), was filed before IFC had accepted an Environmental Impact Assessment from the project sponsor company and while IFC was in negotiations with the project sponsor company regarding some of the issues in the complaint. Thus the complaint was rejected in December 2000.

Bujagali (2)

Received June 2001; Closed January 2005

This complaint, lodged by the National Association of Professional Environmentalists, focused on broad issues related to economic viability of the project, cost to poor consumers, benefit to the people of Uganda, and key issues relating to the guidelines of the World Commission on Dams (WCD) and their application to the Bujagali project. The CAO facilitated a response from IFC to reply directly to the complainant and to ensure that the Power of Purchase be released by the government. Other issues raised by the complainant referred directly to the activities of another member of the World Bank Group, the International Development Association (IDA). The CAO suggested that these matters should be referred to the independent recourse mechanism for IDA and IBRD, the Inspection Panel. The complaint also referred to issues of corruption and bribery. The CAO referred this matter to the World Bank's Fraud and Corruption Unit.

Summary of CAO Audits and Compliance Reviews June 1999-June 2006



Since its inception in 1999, the CAO has conducted 3 compliance audits and 2 compliance reviews. Three were triggered by the ombudsman function, one was requested by the executive vice president of IFC, and one was requested by the president of the World Bank Group. Summaries appear below, according to the fiscal year (FY) in which they were published. For full details and conclusions, please visit the CAO Web site, where the audit reports can be downloaded.

FY 2006 (July 2005–June 2006)

DEMOCRATIC REPUBLIC OF CONGO

Dikulushi

Requested July 2005; Audit published February 2006

In July 2005, the president of the World Bank Group requested that the CAO audit MIGA's due diligence for the Dikulushi Copper-Silver Mining Project in Katanga Province of the Democratic Republic of the Congo. A key issue addressed by the audit related to MIGA's due diligence with respect to security and human rights. The audit was completed in February 2006 (see p. 8).

URUGUAY

Pulp Mills

Triggered October 2005; Audit published March 2006

The CAO ombudsman function received a complaint in September 2005. The CAO triggered an audit of IFC and MIGA social and environmental due diligence for two pulp mills in Uruguay (CMB & Orion), especially issues surrounding IFC and MIGA's public disclosure of environmental and social documentation. The audit was completed and published in March 2006. The complaint is closed (see p. 6).

Summary of CAO Audits and Compliance Reviews *continued*

FY 2005 (July 2004–June 2005)

BOLIVIA **COMSUR**

Triggered November 2003; Review published July 2004

Under the auspices of its compliance role and in line with an assessment report recommendation made in November 2003, the CAO conducted a review of the capacity of Compañía Minera del Sur (COMSUR) to manage the social and environmental aspects of its operations. The review was completed and published in July 2004. The complaint is closed.

BRAZIL **Amaggi**

Requested November 2004; Audit published June 2005

In November 2004, the executive vice president of IFC asked the CAO to audit IFC's environmental categorization of a soybean investment—Grupo André Maggi Participações Limitada, or "Amaggi"—located in the Brazilian state of Mato Grosso. The audit was completed and published in June 2005.

FY 2000 (July 2000–June 2001)

PERU **Antamina (1)**

Triggered September 2000; Review published February 2001

Following the acceptance of a complaint from a local union chapter of the Federation of Peruvian Fishermen, the ombudsman function triggered a compliance review.

The CAO conducted a review of MIGA's environmental and social due diligence. The Preliminary Audit and Review was completed and published in February 2001. The CAO closed the ombudsman complaint in January 2005. (For more information on the complaint, see pp. 22-23.)



Funding Message

In fiscal year 2006, the CAO had an administrative budget of \$2,537,232. In addition, we have an agreement with IFC and MIGA that additional funds from a CAO contingency fund will be made available, on request, in the event of an unexpected volume of complaints, a large-scale mediation effort, or other ombudsman-related activity. This contingency fund is \$1 million.

From our own operating budget, we fund all assessments of complaints. For complaints that are accepted, and for specific mediation activities to be organized and/or managed by the CAO in response to complaints to the ombudsman, the parties to a dispute may contribute funds into a separate account that we manage. Once mediation has been agreed to, we work with the parties to resolve payment issues. Some parties will not be in a position to contribute; for these parties, we have the option to draw down on the contingency fund.

In FY 2006, the CAO expensed \$428,688 from the contingency fund, as follows:

- \$338,065 on mediation activities in Yanacocha, of which \$120,351 was for mediation/facilitation efforts, \$174,202 was for the operation of the Mesa (see p. 23), and \$43,512 was for water monitoring efforts
- \$50,000 for the first disbursement for the capacity building training program in Chile
- \$40,623 for mediation efforts for a complaint regarding the Marlin gold mine project in Guatemala (see p. 5).



CAO Staff



Meg Taylor, Compliance Advisor/Ombudsman

A national of Papua New Guinea, Meg Taylor received her LL. B from Melbourne University, Australia and her LL.M from Harvard University, USA. She practiced law in Papua New Guinea and serves as a member of the Law Reform Commission. She was Ambassador of Papua New Guinea to the United States, Mexico, and Canada in Washington, DC from 1989 to 1994. A co-founder of Conservation Melanesia and a member of the World Commission on Forests and Sustainable Development, she has served on the boards of the World Wildlife Fund-USA and the World Resources Institute, as well as a number of companies in Papua New Guinea in the natural resources, financial, and agricultural sectors.



Amar Inamdar, Senior Specialist, Ombudsman

A British national born in Kenya, Amar Inamdar has a professional background in organizational design, management, and cross-cultural dispute resolution. Between 2000 and 2002 he successfully mediated settlement of an eight-year dispute between Rio Tinto and civil society groups in Indonesia. He was a major contributor to the U.K. White Paper on "Making Globalisation Work for the Poor" in 2000. He is the founder of a successful consulting practice in Oxford, England, and has practical experience in private sector investment strategies in the Caspian, China, southeast Asia, East and Southern Africa, and the Middle East. He obtained his first degree at Oxford University and his Ph.D. at Cambridge University, England.



Henrik Linders, Senior Specialist, Compliance Advisor

A Swedish national, Henrik Linders has a professional background in private sector project compliance and corporate risk. Before joining CAO, he served as an advisor for infrastructure projects in Africa, South Asia, Europe and the Americas, creating strategies and performing audits for companies on such issues as the environment, labor, health, safety, and management. He also served as senior project manager and environmental manager for a number of complex remediation projects in Norway and Sweden, and as manager at a Swedish environmental consultancy firm. He received his MS in engineering from the Norwegian Institute of Technology.



Paula Panton, Executive Assistant

A Jamaican national, Paula brings to the CAO over 25 years of experience working with IFC. Known as the "Field Marshall," she works directly with Meg Taylor and provides administrative support to the unit.



Michelle Malcolm, Program Assistant

A Belgian national, Michelle Malcolm 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 Africa. She provides administrative and consultant support to the CAO as a whole and works with Henrik Linders on compliance.



Kate Henvey, Research Assistant

A U.S. national and native of Texas, Kate Henvey has a professional background in human rights and social and environmental compliance. Before joining the CAO, Kate served at the North American Development Bank, assessing compliance with environmental and social loan covenants for infrastructure projects in the U.S.-Mexico border region. She conducted research on human rights issues, including gender and corporate social responsibility, at The Carter Center in Atlanta and the World Organization Against Torture in Geneva. She earned a Masters of Arts in International Relations, Conflict Resolution.



Kate Kopischke, Specialist, Ombudsman

A U.S. national, Kate Kopischke worked as an independent mediator and facilitator specializing in multiparty conflicts and consensus building. She is experienced in both private and public sector dispute resolution and has mediated a number of cases involving economic development, the environment and natural resources, and public-private partnering agreements. She earned a master's degree in intercultural communication, and for five years worked as Program and Communications Manager for the Policy Consensus Initiative, a U.S.-based NGO that works with state leaders to strengthen and encourage the use of consensus approaches to governance.



Ana Maria Aguilar, Project Officer, Peru Office

A national of Peru, Ana Maria Aguilar, a certified mediator and licensed attorney, received a B.S. and JD degree from San Marcos Major National University, as well as a Diploma in Human Resources from Ricardo Palma University and a masters in Psychology from Cayetano Heredia Peruvian University, in Lima, Peru. She practiced law for a number of years; provided vocational rehabilitation counseling, involving considerable mediation; founded and directed a private mediation center; and managed, coordinated, and mediated within Mesa de Diálogo Project in Cajamarca, Peru.



Rosemary Thompson, Program Assistant

A U.S. national and native of Washington, DC, Rosemary Thompson brings a life of rich and eclectic experience to the CAO. Working for the CAO empowers her to believe that the extraordinary is possible and that the World Bank's mission statement is attainable.

Strategic Advisors, 2005-06

RAY ALBRIGHT	<i>Managing Director, GlobalNet Financial Solutions</i>
GLEN ARMSTRONG	<i>Director, Sustainable Finance Ltd.</i>
ANTONIA CHAYES	<i>Visiting Professor of International Politics and Law, Tufts University</i>
WILLIAM (BILL) DAVIS	<i>Co-founder and President, DPK Consulting</i>
DAVID HUNTER	<i>Assistant Professor and Director, Environmental Law Program, The American University Washington College of Law</i>
DAVID MCDOWELL	<i>Environmental and Social Impact Assessment Consultant; Former Director General, The World Conservation Union (IUCN)</i>
FRANCES SEYMOUR	<i>Program Director, Institutions and Governance, World Resources Institute (WRI)</i>



FURTHER INFORMATION ABOUT THE CAO

The CAO aims for maximum disclosure of reports and findings of the CAO process by reporting results on our Web site. Our operational guidelines and all other public documents are available in print and online. Most Web content is in English, French, and Spanish. The guidelines are available in these languages as well as Arabic, Chinese, Portuguese, and Russian. The guidelines and Web site include a model letter to the CAO's office to assist people in filing a complaint.

CAO Web site: www.cao-Ombudsman.org

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2121 Pennsylvania Avenue NW
Washington, DC 20433 USA
Telephone: (01) (202) 458-1973
Facsimile: (01) (202) 522-7400
Email: cao-compliance@ifc.org
www.cao-Ombudsman.org



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