



The Office of the Compliance Advisor/Ombudsman
2008–9 Annual Report



International Finance Corporation
Multilateral Investment Guarantee Agency
Members of the World Bank Group



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Cover photo: Members of the Ibaloi indigenous community, the Philippines/CAO

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Our Mission

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

Message from the World Bank Group President



Commitment to accountability is a fundamental principle of the World Bank Group. In the current times, there is widespread recognition of the need for public scrutiny of the accountability and transparency of financial institutions so that they deliver results for clients, shareholders, and the communities that host investments. The World Bank Group recognizes an additional responsibility because of our development mission, market influence, and public trust.

If communities believe they are harmed by the projects we support, they have unrestricted access to the World Bank Group's independent accountability mechanisms. In our private sector operations financed by IFC and MIGA, this commitment to accountability, independent recourse, and dispute resolution is supported by the work of the Compliance Advisor/Ombudsman (CAO).

The dispute resolution work of the CAO has proven critical in finding satisfactory solutions and delivering results on the ground for local communities affected by IFC-financed projects. In Indonesia, the CAO brokered a settlement agreement this year with 1,000 claimants in the palm oil sector—a key sector generating jobs and income for Indonesia's rural poor, and part of IFC's agribusiness portfolio. In the Philippines, the CAO's assistance in a settlement related to a hydropower project supported by IFC helped end a sixty-year-old land conflict and heal wounds between indigenous peoples and the local developers. Both these cases demonstrate the tremendous potential of CAO-mediated dispute resolution to find solutions for local communities affected by IFC or MIGA investments.

The CAO's work also makes a vital contribution in helping improve how risks are managed at IFC and MIGA, and in strengthening operations through better social, environmental, and governance assessments. In the Indonesia palm oil case, the CAO's audit highlighted important issues related to the treatment of supply chains and categorization of trade finance investments. CAO interventions have enabled us to identify compliance problems and its audit findings can help the Bank Group become better at what we do at both the operational and systemic levels. We need to respond promptly to correct noncompliances and to learn from findings.

Different views, contending interests, and anxieties about effects are inherent features of development. Therefore, the CAO, as a tool for constructively and effectively addressing tensions, is a crucial part of our development work. So I want to thank our CAO colleagues—and all who work with them—for their commitment to this important work within the larger mission of development.

I am pleased to introduce the CAO's 2008–9 Annual Report, which showcases its activities during the past year. In these pages, the work of the Office illustrates that communities and private sector investors can expect an independent, neutral space to mediate and negotiate their differences, and rigorous independent audits that can contribute to better development outcomes.

A handwritten signature in black ink that reads "Robert B. Zoellick". The signature is written in a cursive, flowing style.

Robert B. Zoellick
September 2009

Message from the Compliance Advisor/Ombudsman



Meg Taylor with community members, Nicaragua/CAO

This year has been one of remarkable results—for communities and for private sector sponsors of IFC/MIGA projects. It has also been a year in which both IFC and MIGA have made significant improvements in institutionalizing responses to the CAO and enhancing their commitments to independent recourse and accountability.

As Ombudsman, the CAO has been highly effective in pioneering a professional dispute resolution approach to external complaints. We have received much positive feedback. Of the five recent cases in Ecuador, Indonesia,

Nicaragua, the Philippines, and Turkey, the CAO has been instrumental in achieving tangible and credible results in response to complex complaints. We are pleased that governments are increasingly engaged in these processes and think this sends a positive signal to communities as well as companies. For example, the Secretary of Energy for the Philippines commended the CAO's work as a new model to assist in resolving disputes (see p. 38-9).

In previous years, the compliance role has faced challenges. The response from IFC to three past audits had not been satisfactory. External feedback has suggested that Management has been dismissive of CAO audits. More recent audits have shown a change in IFC's response to our compliance work. This change, in combination with the robustness of the CAO's auditing process and monitoring function—demonstrated in both an Indonesia palm oil case and Kazakhstan oil and gas case (see p. 32-5)—has added to the trustworthiness of the compliance role. We believe that greater awareness of the accountability of the institution to the Board and public has begun to have some impact on IFC as a whole.

As part of our advisory function, we have received much positive response to our Advisory Notes on local development impacts, grievance mechanisms, and participatory water monitoring. The private sector and Equator Banks have sought to use these Advisory Notes for their projects and investments. We think that there should have been greater initiative taken by IFC and MIGA with respect to these Notes. We are pleased that Management has now agreed to a process to respond to them formally, as well as to our upcoming work on reviewing the IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information (see p. 22).

We have worked diligently to raise awareness of the CAO's work, with a focus on those communities that may need our services the most. During the past year we met with civil society in West Africa, South Asia, East Asia, Russia, Europe, and the United States. Our outreach work will continue, with the intention of covering every region where IFC and MIGA do business (see p. 23-6).

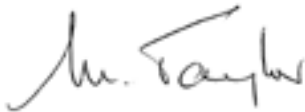
The challenges continue to be with the institutions that the CAO holds accountable—the private sector arms of the World Bank. We have found through our outreach consultations that there is very little knowledge of the existence of IFC and MIGA, and communities and civil society do not know that the investments in their midst have the World Bank Group’s involvement. This fact makes our work more difficult and we have persisted in asking IFC and MIGA to enhance efforts to ensure that communities know of their involvement, and are aware of the availability of, and access to, recourse where needed.

During the year, the CAO hosted both a dispute resolution training session for colleagues from other independent accountability mechanisms, and the Sixth Annual Meeting of the independent accountability mechanisms from international financial institutions and bilateral institutions (see p. 10). Both events led to a rich sharing of skills, experiences, and challenges.

In summary, this past year has been very rewarding for me and the CAO team in seeing that our work has outcomes that bring satisfaction to those who have come to us for assistance in both the ombudsman and compliance roles. It is satisfying when communities and companies have found solutions through a mediated or assisted negotiated process. This is real stuff, on the ground, where it matters.

I am also very pleased that IFC and MIGA have made a concerted effort to institutionalize processes for response to our work. IFC’s responses will be handled through the Corporate Risk Committee, in which the CAO has been invited to participate. This ensures greater accountability of the institution to the President, the Board, and the public.

Finally, our work depends on the relationships that we have built with civil society at the community, country, and international level. Without the support of many individuals and civil society organizations, the work of the CAO would not have flourished.

A handwritten signature in black ink, appearing to read "Meg Taylor". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping tail.

Meg Taylor
Vice President, CAO
September 2009

The CAO's Caseload



Village meeting, Indonesia, Gamal Pasya/CAO

Since fiscal year (FY) 2000, the CAO has received 110 complaints (see table 1). Of this number, 67 complaints fulfilled the CAO's eligibility for assessment (see Summary of CAO Cases, FY2009, pp. 29–43). In FY2009, the CAO reviewed 22 complaints, of which 11 were new and 11 were carried over from previous fiscal years. Of the 11 new complaints, 6 were accepted as eligible for further assessment. Complaints accepted as eligible for assessment by the CAO Ombudsman, and/or appraisal or audit by CAO Compliance, are referred to as “cases.” The complete CAO caseload is summarized in figures 1–3.

TABLE 1. BREAKDOWN OF CAO COMPLAINTS, FY2000-9

Fiscal year	Deemed ineligible	Settled after ombudsman assessment	Ongoing ombudsman cases	Closed after ombudsman assessment and compliance appraisal	Closed after ombudsman assessment and compliance audit	Closed after referral and compliance audit	Ongoing compliance cases	Total new complaints
2000	0	0	0	0	0	0	0	0
2001	2	6	0	0	1	0	0	9
2002	0	3	0	0	0	0	0	3
2003	0	1	0	0	0	0	0	1
2004	4	9	0	0	1	0	0	14
2005	3	14	0	0	1	1	0	19
2006	13	2	0	1	1	1	0	18
2007	8	2	0	6	0	0	0	16
2008	8	0	6 ^a	2	0	0	3 (+1) ^a	19
2009	5	0	6	0	0	0	0	11
Total	43	37	12^a	9	4	2	3 (+1)^a	110

^a One complaint, Wilmar Group-01/West Kalimantan, had a concurrent ombudsman assessment and compliance audit ongoing as of June 30, 2009. For the purposes of this report, it is represented in the complaint count under “Ongoing ombudsman cases”.

FIGURE 1. CAO CASES BY SECTOR, FY2000-9

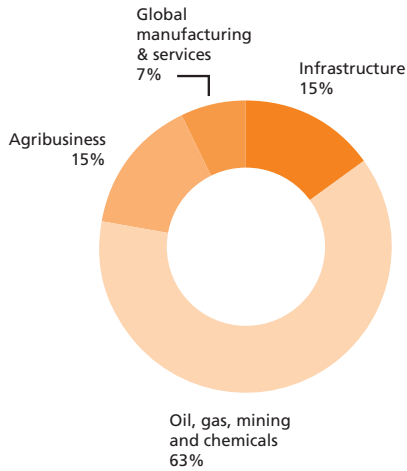
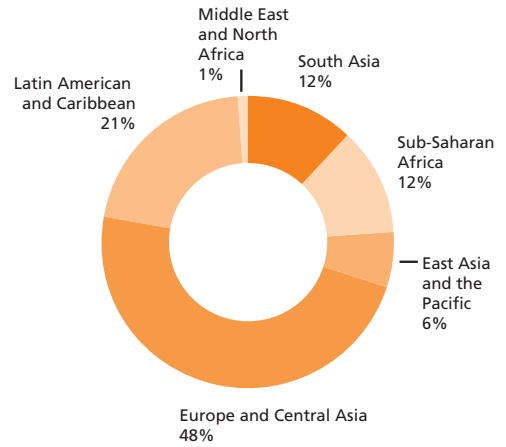
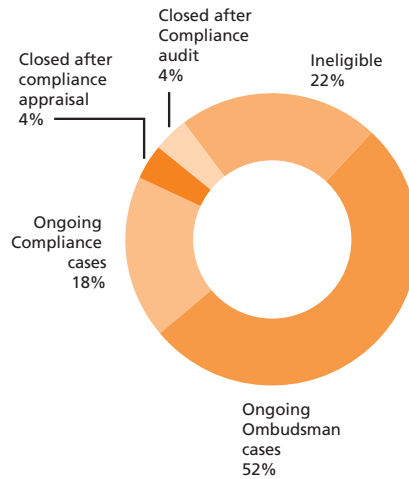


FIGURE 2. CAO CASES BY REGION, FY2000-9



Short-term relief for ASOCHIVIDA members, Nicaragua, David Silver/CAO

FIGURE 3. STATUS OF CAO COMPLAINTS REVIEWED IN FY2009



Figures 1 and 2 are based on 67 cases deemed eligible for assessment by the CAO since FY2000.

Figure 3 shows the status of the 22 complaints reviewed by the CAO in FY2009. It includes new complaints received (including those ineligible for assessment) and ongoing cases from previous fiscal years.

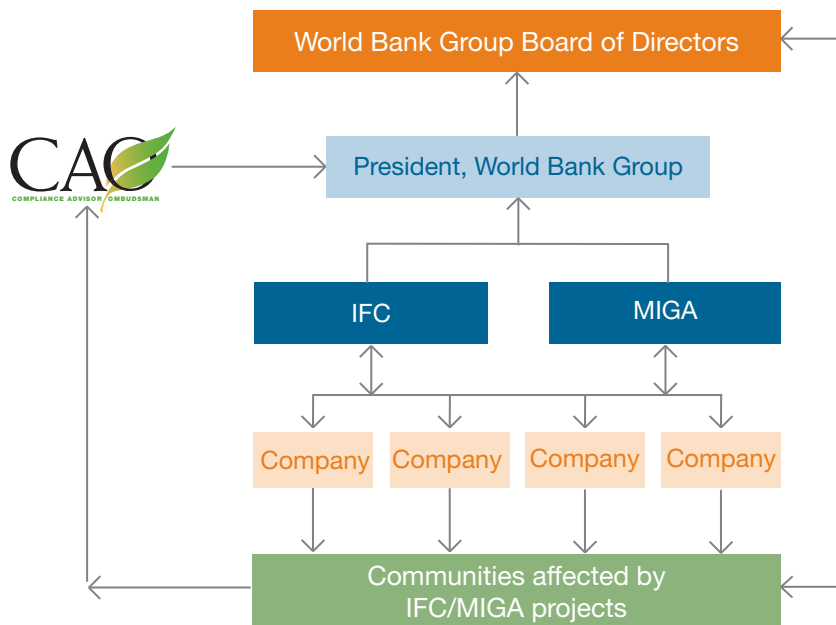
Overview of the CAO

Julio Pantoja/The World Bank

The CAO provides a direct avenue for the concerns of project-affected communities to be heard at the highest levels of decision making within the World Bank Group.

The Office of the Compliance Advisor/Ombudsman (CAO) was established in 1999 as the independent recourse mechanism for the private sector arms of the World Bank Group, the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). The CAO reviews complaints from individuals and communities that believe they are, or may be, adversely affected by IFC and MIGA projects and reports directly to the President of the World Bank Group.

FIGURE 4. ACCOUNTABILITY AT IFC AND MIGA



What We Do

The CAO works to:

- Address the concerns of individuals and communities that are affected by IFC/MIGA projects
- Enhance social and environmental outcomes of IFC/MIGA projects, and
- Foster greater public accountability by IFC/MIGA.

Independence from IFC and MIGA line management and a reporting line to the World Bank Group President allow the CAO to serve as a trusted and impartial resource to stakeholders involved in a dispute and provide both institutions with objective advice aimed at improving social and environmental project outcomes.

Who We Are

The CAO staff is committed to fair and transparent outcomes for each of the parties we serve. Our diverse team includes professionals from both the private and nonprofit sectors with experience in dispute resolution, compliance and accountability, research and analysis, and professional administration (see pp. 46-8). When complaint resolution processes and compliance investigations require specific expertise, we hire short-term consultants with proven track records in the relevant field.



CAO staff with Interagua complainant, Ecuador/CAO



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. CAO specialists are hired by the Office of the CAO and are precluded from working for the World Bank Group for a period of two years following their CAO assignment.

The CAO works with a **Strategic Advisors** Group comprised of professionals from civil society, private industry, academia, and the field of mediation and conflict resolution (see p. 45).

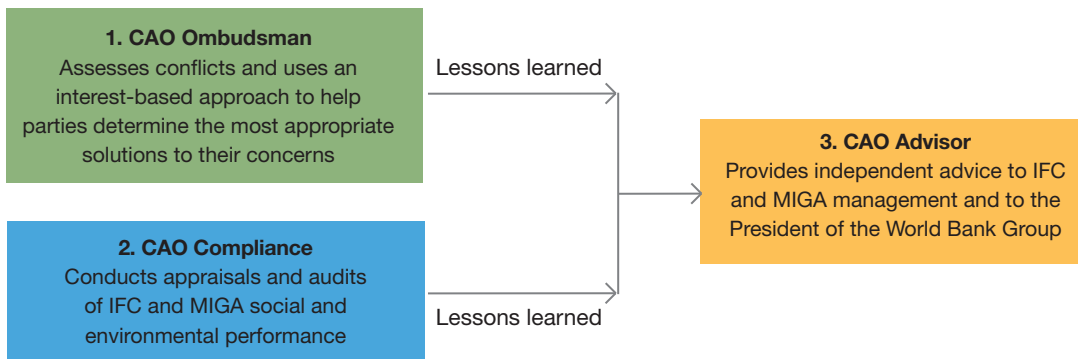
A **Reference Group** advises the CAO periodically on topics of accountability and strategic focus. Like the Strategic Advisors Group, the Reference Group includes independent professionals from around the world working in civil society, the private sector, and academia, as well as experts within the World Bank Group. Although the Reference Group does not give project-specific advice, it provides input on aspects of the CAO's work procedures and on the CAO's contributions to institutional policies and reviews.

The CAO also works with independent accountability mechanisms of other international financial institutions, and with civil society, to improve the transparency, accountability, and effectiveness of the ombudsman and compliance functions (see box 1, p. 10).

How We Work

The CAO has three unique and complimentary roles, which together provide a flexible framework for handling complaints and addressing systemic concerns (see figure 5).

FIGURE 5. THE CAO'S THREE ROLES



CAO Ombudsman reviews all complaints and makes an initial assessment of the situation, the stakeholders, and their interests (figure 6, p. 11). The purpose of an ombudsman assessment is to help the parties identify alternatives and mutually agreeable solutions for resolving the issues surrounding a complaint. Successful ombudsman processes can involve a number of alternative problem-solving approaches, including mediated agreements, joint fact-finding, multiparty monitoring programs, stakeholder dialogues or roundtables, or other collaborative approaches initiated by the parties involved in a complaint.

CAO Compliance conducts audits of IFC/MIGA social and environmental performance in the event that parties are unable or unwilling to reach agreement on how to resolve the complaint. All cases handled by CAO Compliance—whether transferred by the Ombudsman or by request from senior management or the CAO's Vice President—first undergo an appraisal to determine whether an audit of IFC or MIGA is merited. CAO Compliance reports and discloses the results of the appraisal to the President and Board of the World Bank Group, IFC and MIGA senior management, and the public. If the CAO decides to initiate a compliance audit as a result of this appraisal, a terms of reference for the audit is developed in accordance with the CAO Operational Guidelines.

CAO Advisory work provides independent advice to IFC and MIGA management and the President of the World Bank Group on broader social and environmental issues. CAO Advisory Notes focus on policies, standards, procedures, guidelines, resources, and systems to strengthen accountability and ensure adequate monitoring and review of IFC/MIGA projects. The CAO does not provide project-specific advice, but rather generic advice on emerging issues or trends with the aim of improving performance systemically.

Confidentiality and Disclosure

Trust and confidence are prerequisites for the CAO in helping parties to a complaint identify mutually acceptable solutions. The CAO places the concerns of the affected stakeholders at the center of the complaint resolution process. We respect requests for confidentiality during ombudsman assessment and agreement-seeking processes, and during a compliance appraisal and audit.

The CAO is committed to transparency and maximum disclosure of our work. We publicly disclose reports, findings, outcomes of CAO processes, and Advisory Notes on the CAO Web site and in hard copy (see p. 45). Disclosure of certain reports may be subject to limitations imposed at the request of affected parties.

We have been working with the management of IFC and MIGA to ensure that project staff includes notification of the CAO's existence in all dealings with potential, new, and existing sponsors. Since FY2008, IFC has included mention of the CAO in its Mandate letter with clients for Category A projects. MIGA now includes reference to the CAO in the Definitive Application for all categories of projects.



BOX 1. FY2009 HIGHLIGHT: HOSTING THE SIXTH ANNUAL MEETING OF THE INDEPENDENT ACCOUNTABILITY MECHANISMS

In June 2009 in Washington, DC, the CAO hosted directors and principal staff of the independent accountability mechanisms from eight international financial institutions.

The Sixth Annual Meeting of the independent accountability mechanisms brought together more than 30 representatives from the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Japan Bank for International Cooperation, Nippon Export and Investment Insurance, and the U.S. Overseas Private Investment Corporation, as well as the World Bank Inspection Panel and the CAO.

The accountability mechanisms were set up in response to external demands for greater public accountability of the international financial institutions. They provide an avenue of recourse for people who believe they have been harmed by projects financed by these institutions when the application of appropriate operational standards, procedures, and safeguards are perceived to have failed. While the mechanisms of the various institutions differ in the way they process complaints, they all provide an independent body to investigate compliance issues and address social and environmental harm at the project level.

Issues discussed at the meeting included collaborative complaint-handling on projects involving multiple financing institutions and strategies for improving local communities' access to the mechanisms. The meeting also examined dispute resolution and mediation at the project level, and how compliance investigations can best improve outcomes for local communities.



Annual Meeting of the Independent Accountability Mechanisms/CAO

Criteria for Filing a Complaint

Who can make a complaint?

Any individual, group, community, or other party can make a complaint to CAO if they believe they are adversely affected by an IFC or MIGA project. Complaints may be made on behalf of those affected by a representative or another organization.

What are the criteria for making a complaint?

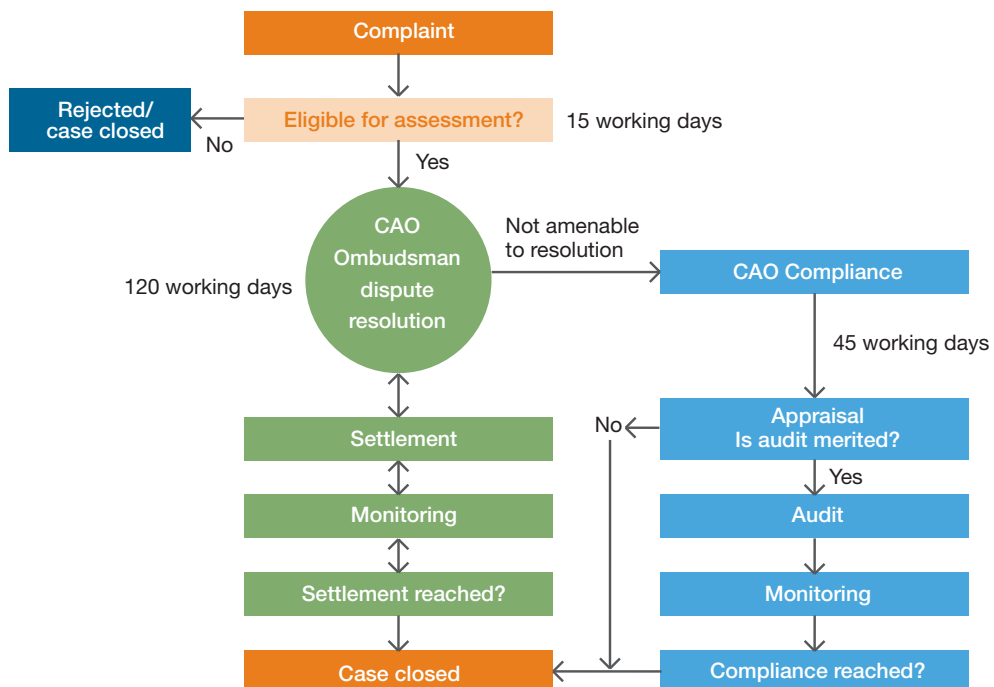
CAO has three simple eligibility criteria for a complaint to qualify for assessment:

- The complaint relates to an IFC or MIGA project (including projects under consideration)
- The complaint relates to social and/or environmental issues associated with that project(s)
- The complainant believes they are, or may be, affected by the social and/or environmental issues raised.

What types of complaints are not accepted?

If the complaint includes allegations of fraud and/or corruption, the CAO will refer it to the World Bank Group Office of Institutional Integrity.

FIGURE 6. THE CAO'S PROCESS FOR HANDLING COMPLAINTS





CAO Ombudsman

Scott Wallace/The World Bank

The CAO Ombudsman helps resolve grievances about the social and environmental impacts of IFC/MIGA projects, and works to improve outcomes on the ground.

The CAO Ombudsman works with stakeholders to help resolve grievances about the social and environmental impacts of IFC/MIGA projects, and to improve outcomes on the ground. Through an Ombudsman process, parties identify alternatives for resolving the issues of concern, and for making informed decisions about the best way forward. CAO Ombudsman specialists are trained in alternative dispute resolution, with expertise in conflict assessment and management, stakeholder identification, and multiparty facilitation. The goal of an ombudsman process is to address specific issues that have contributed to conflicts, and help people reach agreements that meet the interests of all the parties. The CAO Ombudsman does not make a judgment about the merits of a complaint and does not impose solutions or find fault.

After receiving a complaint, the CAO Ombudsman first determines its eligibility for assessment (see p.11 and figure 6). The purpose of an assessment is to clarify the issues and concerns raised by the complainant, to gather information on how other stakeholders see the situation, and to help them determine whether and how they might be able to resolve the issues.

Based on the results of the assessment process, the CAO Ombudsman will either:

- Work with the stakeholders to produce an explicit agreement on a process for addressing the issues raised in the complaint, and other issues that may have been identified during the assessment,
- or
- Determine that a collaborative resolution is not possible. In this case, the CAO Ombudsman transfers the complaint to CAO Compliance for appraisal.

A CAO ombudsman assessment concludes with a decision by the parties whether to proceed with a collaborative approach, and a clear outline of the course of action proposed, or to conclude the assisted negotiation process and transfer the case to CAO Compliance. An assessment report outlining the assessment process and outcome is prepared for the stakeholders, the President and Board of the World Bank Group, and the public.

FY2009 CAO Ombudsman Case Highlights

Ecuador. The CAO facilitated a series of agreements between local water users, their representatives, and Interagua, a MIGA-supported private water utility for the city of Guayaquil. The agreement included independent verification of meters of hundreds of Interagua clients with high water bills; development of options for debt forgiveness for certain water users; a company-sponsored awareness campaign to inform senior citizens about discount programs; and an NGO-led investigation to determine the reasons why specific water users were not paying their water bills. The CAO Ombudsman team is facilitating the ongoing negotiations and helping the parties implement the signed agreements and reach a final settlement (see p. 29-30).



ASOCHIVIDA members' meeting at the Planton, Nicaragua/CAO



Indonesia. The CAO worked with local community leaders and the Wilmar Group, an IFC client, to address complex claims relating to the clearance and appropriation of land in West Kalimantan as a result of demand for palm oil plantations. The CAO developed a multiparty dialogue process enabling stakeholders to build their skills for nonadversarial negotiation and dispute resolution. The agreement reached included financial compensation and return of land to communities and local economic opportunities, including smallholder palm oil development. Issues relating to IFC's due diligence were audited by CAO Compliance and the audit report will be released in FY2010 (see p. 32-3).

Nicaragua. Local community members and ex-workers associated with an IFC-supported sugar cane facility raised concerns to the CAO about the prevalence of kidney failure, in addition to a number of other social and environmental issues. With CAO assistance, community members, their representatives, and the company agreed to a dialogue process focused on enhancing access to local care and services for individuals suffering from kidney failure; and bringing independent and credible experts to the area to investigate the problem. The stakeholders collaborated to identify an international group of experts to advise them, and the CAO continues to support the dialogue process (see p. 37).



Sajingan Kecil community members, Indonesia, Gamal Pasya/CAO

The Philippines. The CAO received complaints from indigenous leaders relating to land claims and local benefits resulting from the privatization of two hydropower plants. Over the course of eight months, the CAO facilitated a multiparty agreement between community leaders, local government representatives, and the power company. The agreement involved creating a cultural heritage site, returning land use rights to community leaders, and enhancing livelihood opportunities for the community through watershed development plans and the company's social development funds (see p. 38-9).



Signing of Ambuklao-Binga Agreement, the Philippines/CAO

Turkey. The CAO received complaints from trade unions relating to labor issues and the rights of association of workers in two separate IFC-supported projects in the automotive and metal industries. In one case, the CAO facilitated an agreement between the parties within three months that involved increasing awareness of IFC's Performance Standard on Labor and Working Conditions; training for management and the workforce; and a formal review of labor conditions within six months of the training. The CAO's work on this case has prompted IFC to develop a handbook to support clients in the implementation of the labor standard (see p. 42-3).



CAO mediator Juan Dumas with complainant, Nicaragua/CAO



FY2009 Ombudsman Update

In FY2009, the CAO Ombudsman handled a total of 19 complaints: 11 were new complaints received during the fiscal year, of which 5 were deemed not eligible for assessment, and 8 were ongoing cases from previous fiscal years (see table 2). For descriptions, see Summary of CAO Cases, FY2009, pp. 29-43. Full reports of each case are available on the CAO Web site.

TABLE 2. OMBUDSMAN CASES REVIEWED IN FY2009

Country/Case	Institution	Region	Status ^a
Bangladesh RAK Ceramics	IFC	South Asia	Ineligible
Chile Empresa Electrica Panguel S.A.-03/Mulchen	IFC	Latin America and Caribbean	Ineligible
Ecuador Interagua-01/ Guayaquil	MIGA	Latin America and Caribbean	Ongoing ombudsman case
Egypt Makka Leasing	n.a.	Middle East and North Africa	Ineligible
Georgia BTC Pipeline-30/Vale (4)	IFC	Europe and Central Asia	Ongoing ombudsman case
BTC Pipeline-32/Vale (5)	IFC	Europe and Central Asia	Ongoing ombudsman case
India Crompton	n.a.	South Asia	Ineligible
Indonesia Wilmar-01/West Kalimantan	IFC	East Asia and the Pacific	Ongoing ombudsman case and transfer to Compliance
Wilmar-02/Sumatra	IFC	East Asia and the Pacific	Ongoing ombudsman case
Kazakhstan Lukoil Overseas-03/Berezovka ^b	IFC	Europe and Central Asia	Transferred to Compliance
Kenya Pan African Paper-01/Webuye	IFC	Sub-Saharan Africa	Ongoing ombudsman case
Nicaragua Nicaragua Sugar Estates Limited-01/ León and Chinandega	IFC	Latin America and Caribbean	Ongoing ombudsman case
Peru Agrokasa-01/Ica	IFC	Latin America and Caribbean	Ongoing ombudsman case
Philippines Ambuklao-Binga Hydroelectric Power-01/Binga	IFC	East Asia and the Pacific	Ongoing ombudsman case
Russian Federation Russkiy Mir II-02/ Taman	IFC	Europe and Central Asia	Transferred to Compliance
Russkiy Mir II-03/Taman	IFC	Europe and Central Asia	Ongoing ombudsman case
Serbia Gemax & Lemna	n.a.	Europe and Central Asia	Ineligible
Turkey Assan Alüminyum-01/Dilovasi	IFC	Europe and Central Asia	Ongoing ombudsman case
Standard Profil II-01/Duzce	IFC	Europe and Central Asia	Ongoing ombudsman case

n.a. not applicable

^a Status is as of June 30, 2009

FY2009 CASE UPDATE: ALTO BIO BIO WATERSHED, PANGUE, CHILE

In July 2002 a group of Pehuenche women in Chile filed a complaint with the CAO alleging that the Pangué hydroelectric project was adversely impacting communities and the environment in the Alto Bio Bio watershed. The complainants also stated that the company had not adequately compensated people affected by the project.

With CAO's support, the complainants and project sponsor arrived at an agreement in 2003 to resolve compensation issues. The CAO continued to work with local indigenous organizations in the following years to address broader cultural impacts of the project. A settlement agreement was finalized in March 2006 that focused on local development capacity building. The CAO began to work with the Mapuche University, local Pehuenche institutions, and We Monguen, an indigenous organization based in the Alto Bio Bio. Such development-related involvement with a community is unusual for the CAO; however the commitment was made by former President of the World Bank James Wolfensohn and the CAO will carry it through.

Work done by We Monguen and its predecessor, KUME, include:

- Collaborating with the University of Concepción on horticulture projects with the community
- Improved outreach to communities through an hourly radio program in the native language, Mapugun, and producing the first newspaper for the region
- Working with local chiefs to open up hiking trails and link the Upper Bio Bio to the Trails of Chile system
- Promoting income generation activities for women through weaving and horticulture
- Fostering youth leadership, with three youths attending law school at the Universidad Bolivariana in Los Angeles, Chile, funded by Sacharuna Foundation.

Ongoing challenges include finding new sources of funding to sustain this work and enable the community to gain economic independence through its own initiatives.



Community projects in the Alto Bio Bio, Chile/CAO

CAO Compliance

Arne Hoel/The World Bank

CAO audits aim to enhance the social and environmental outcomes of IFC/MIGA projects on the ground, and to strengthen adherence to IFC/MIGA policies and procedures.

CAO Compliance oversees audits of IFC and MIGA's compliance with applicable policies, standards, guidelines, procedures, and conditions at the individual project level (see box 2). CAO audits aim to enhance the social and environmental outcomes of IFC/MIGA projects on the ground, and to strengthen adherence to IFC/MIGA policies and procedures.

Compliance audits focus on IFC and MIGA—not the project sponsor—and examine how the two institutions assure themselves that they have met their social and environmental commitments associated with a project. In many cases, in assessing the performance of the project and implementation of measures to meet relevant requirements, however, the CAO may conduct field assessments to review the actions of the sponsor and verify outcomes in the field.

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

In FY2009, the CAO, in its compliance capacity, appraised five cases related to seven different investments in order to determine whether an audit of IFC/MIGA was merited. The CAO found that one case related to four IFC investments in the Wilmar Group merited an audit. In addition, the CAO has followed up on the FY2008 audit of IFC's involvement in the Karachaganak project in Kazakhstan.

BOX 2. AUDIT CRITERIA

The CAO's audit criteria include IFC/MIGA policies, Performance Standards, guidelines, procedures, and requirements. Violation of these provisions may result in adverse social and/or environmental impacts. Audit criteria may have their origin in social and environmental impact assessments or plans; host country legal and regulatory requirements (including international legal obligations); and the environmental, health, and safety provisions of the World Bank Group, IFC/MIGA, or conditions for IFC/MIGA involvement in a project.

The audit will typically be based on a review of documents, interviews, observation of project activities and outcomes, or other appropriate means. The verification of evidence is an important part of the audit process.

FY2009 CAO Compliance Case Highlights

Indonesia–Wilmar Group: IFC has four investments with the Wilmar Group—none directly in Wilmar’s palm oil plantations in Indonesia, but in palm oil trade facilities and palm oil refinery outside of Indonesia. These investments fall under IFC’s pre-2006 social and environmental policy framework, the “Safeguard Policies,” as well as the new Performance Standards implemented in 2006. The CAO concluded in its appraisal that the case merited an audit. The audit raises several complex systemic issues related to IFC’s due diligence and scope of impact assessments when it invests in trade facilities, as well as how IFC assesses and defines the potential impact along its clients’ supply chains. The CAO audit report was finalized in June 2009, and will be released for public disclosure early in FY2010, pending clearance from the World Bank President (see pp. 32-3).

Kazakhstan–Karachaganak: In April 2008, the CAO found IFC to be out of compliance on issues related to how IFC assured itself of performance of the Karachaganak project. On January 8, 2009, IFC’s client ended its contractual obligations to IFC by prepaying its outstanding balance to IFC. This ended IFC’s obligations to assure itself of project performance. Given that IFC’s client ended its contractual obligation, the CAO closed the audit, leaving the findings pertinent to IFC’s internal due diligence and assurance process unresolved. The systemic concerns relating to IFC internal processes, leverage, and communication when investing in a minority shareholder remain (see pp. 34-5).

Participatory mapping, Indonesia, Gamal Pasya/CAO





FY2009 Compliance Update

In FY2009, CAO Compliance conducted two new appraisals, and had three ongoing appraisals and two ongoing audits regarding six different CAO cases (see table 3). Following appraisal, one case was closed, and one case merited the initiation of an audit. One audit was closed, and one audit is pending as of June 30, 2009. For descriptions, see Summary of CAO Cases, FY2009, pp. 29-43. Full reports and findings for each case are available on the CAO Web site.

TABLE 3. COMPLIANCE CASES CASES REVIEWED IN FY2009

Country/Case	Institution	Region	Status ^a
Georgia BTC Pipeline-31/Naokhrebi	IFC	Europe and Central Asia	Closed after compliance appraisal
Indonesia Wilmar-01/West Kalimantan	IFC	East Asia and the Pacific	Ongoing compliance case
Kazakhstan Lukoil Overseas-01/Berezovka	IFC	Europe and Central Asia	Closed after compliance audit
Lukoil Overseas-03/Berezovka	IFC	Europe and Central Asia	Ongoing compliance case
Russian Federation Russkiy Mirr II-01/Taman	IFC	Europe and Central Asia	Ongoing compliance case
Russkiy Mirr II-02/Taman	IFC	Europe and Central Asia	Ongoing compliance case

^a Status is as of June 30, 2009

CAO's advice aims to improve institutional performance in a systemic way and provide guidance to IFC and MIGA on emerging trends and strategic concerns

In its advisory role, the CAO provides independent advice to the President of the World Bank Group and senior management of IFC and MIGA on broader social and environmental issues related to policies, procedures, and systems. Derived from its experience of working with challenging projects, the CAO's advice aims to improve institutional performance in a systemic way and provide guidance to IFC and MIGA on emerging trends and strategic concerns. The CAO does not give project-specific advice, to avoid a conflict of interest should a complaint be raised at a later stage by affected communities. The CAO's independence and credibility underline its advisory role, which provides a valuable opportunity to reinforce the effectiveness of both institutions.

Over the course of this year, the CAO worked to raise awareness of three Advisory Notes published in FY2008: *A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*; *Participatory Water Monitoring: A Guide for Preventing and Managing Conflict*; and *Improving IFC's and MIGA's Local Development Impact at the Project Level*.

Within IFC, this advisory work was taken up with a pilot initiative on enhanced measurement and transparency around project-level development results, led by IFC's Development Effectiveness Unit. IFC's Peru Office has adopted the CAO's advice on participatory water monitoring for its mining portfolio.

Externally, the CAO reached a diverse group of stakeholders globally, including private sector companies, financial institutions, international development banks, universities, and around 300 civil society organizations in 17 countries. The CAO's Advisory Note on grievance mechanisms was presented at the International Council on Mining and Metals to approximately 25 companies, including AngloAmerican, which is now using this Note throughout its operations. Similarly, the Steering Committee for the Equator banks (www.equator-principles.com) requested copies of the Advisory Note to distribute to its member financial institutions. Practitioners in the hydropower and mining sectors have shown interest in the CAO's work in participatory water monitoring.



FY2009 Advisory Update

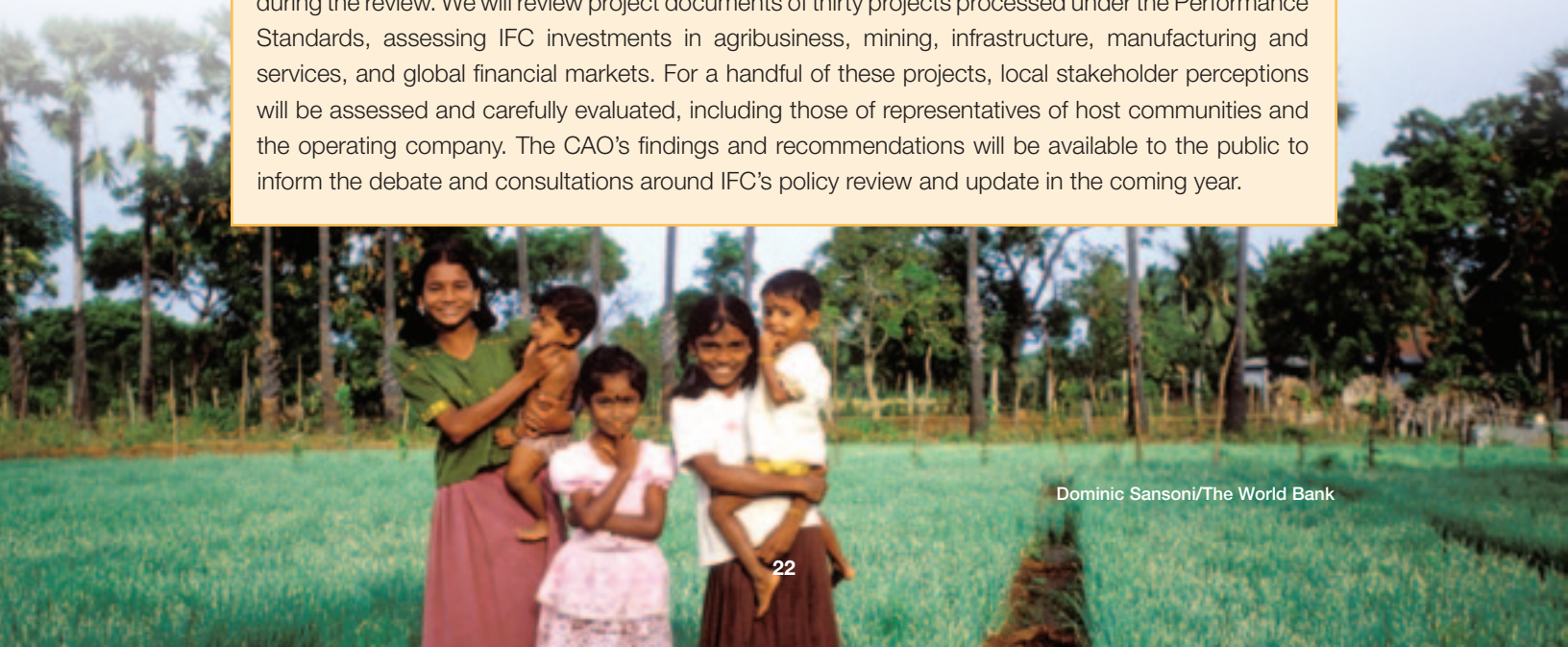
In FY2009, the CAO commenced new advisory work in the context of IFC's three-year review of its social and environmental policy framework. The CAO is focusing on policy issues of most direct impact on project-affected communities (see box 3).

BOX 3. FY2009 ADVISORY HIGHLIGHT: PERFORMANCE STANDARDS REVIEW

This year marked the three-year anniversary of IFC's adoption of its Policy and Performance Standards on Social and Environmental Sustainability and its Disclosure Policy. IFC's policy framework was intended to serve as a risk framework appropriate for its private sector clients, with a focus on outcomes on the ground, and earlier and more effective engagement of local communities in decisions that affect them. IFC has started to review its implementation experience and is planning consultations around policy updates in the coming year.

In an advisory contribution to IFC's review and update, the CAO has started to take a more detailed look at how IFC has implemented the social, environmental, and disclosure policies, with a focus on aspects that most directly impact project-affected communities. Has the new framework translated into positive outcomes for local stakeholders? In particular, have communities been informed about anticipated risks and impacts? Have they been enabled to participate in decisions that affect them? Has IFC as an organization set up a management system that supports effective risk management and encourages its private sector clients to engage proactively with their host communities?

The CAO aims to find answers to these questions by carrying out a focused portfolio review, a local stakeholder perceptions study, and thematic discussions around concrete questions that surface during the review. We will review project documents of thirty projects processed under the Performance Standards, assessing IFC investments in agribusiness, mining, infrastructure, manufacturing and services, and global financial markets. For a handful of these projects, local stakeholder perceptions will be assessed and carefully evaluated, including those of representatives of host communities and the operating company. The CAO's findings and recommendations will be available to the public to inform the debate and consultations around IFC's policy review and update in the coming year.



Civil Society Outreach

Curt Carnemark/The World Bank

The CAO's global outreach program aims to ensure that people most likely to need the CAO's services are aware its existence and mandate, and are able to raise issues of concern about IFC/MIGA projects.

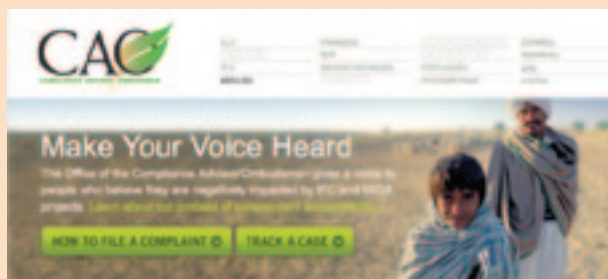
In FY2009, the CAO continued to expand its communication and outreach activities to civil society as part of a program launched in 2007 at the request of the World Bank Board. The CAO has hired a full-time staff member to manage this program, has expanded its information materials to 14 languages, and relaunched the CAO Web site in June 2009 to improve accessibility of information to stakeholders (see box 4).

The goal of CAO's global outreach program is to ensure that people most likely to need the CAO's services are aware its existence and mandate, and are able to raise issues of concern about IFC/MIGA projects.

In this effort, the CAO has partnered with local, national, and international civil society organizations and the independent accountability mechanisms of other international financial institutions, namely the African Development Bank, Overseas Private Investment Corporation, and World Bank Inspection Panel. The workshops focus on heightening awareness of the roles of the different development institutions, and the work of the accountability mechanisms in providing access to recourse and ensuring compliance around projects, to enable civil society organizations to provide effective support to project-affected communities.

BOX 4. THE NEW CAO WEB SITE

The CAO relaunched its Web site in June 2009 to improve understanding about its work and improve accessibility to its services for stakeholders. A key feature of the new site is a navigable world map that allows users to browse CAO cases and track progress on a current complaint. With more news and visual presentations of the CAO's work, the new site will serve to highlight the CAO's mission to address the concerns of project-affected communities and foster greater accountability of IFC and MIGA. See www.cao-ombudsman.org.





In FY2009, the CAO convened or participated in 12 workshops, meeting over 500 civil society organizations from Cambodia, Cape Verde, China, Gambia, Ghana, Guinea Bissau, India (see box 5), Indonesia, Laos, Mali, Mauritania, Myanmar, Nigeria, Russian Federation, Senegal, Thailand, and Vietnam, as well as Europe and the United States (see table 4, p. 26).

The CAO's learning from the outreach demonstrates that the baseline level of awareness about the CAO and about IFC/MIGA's role is low, and building that awareness will require longer-term investments. Additional workshops are planned in FY2010 and the CAO is consolidating its findings to refine its outreach goals and strategy, as well as identifying areas of strategic advice to IFC and MIGA around information disclosure and consultation.

This year, the CAO also worked together with the United Nations Special Representative for business and human rights, Harvard University, and the International Bar Association to support the creation of a globally accessible Web-based portal, BasesWiki, for facilitating access to recourse mechanisms, mediators, and knowledge sharing with respect to corporate-community dispute resolution (www.baseswiki.org).



Local musicians performing at a CAO outreach event, Accra, Ghana/CAO

BOX 5. FY2009 HIGHLIGHT: CIVIL SOCIETY OUTREACH, INDIA

In April 2009, the CAO convened three workshops for civil society in India in partnership with Meta-Culture Dialogics, a Bengaluru-based dispute resolution and mediation organization. The workshops, in New Delhi, Kolkata, and Bangalore, were attended by just under 100 civil society organizations.

Within India's diverse civil society, there are mixed opinions about foreign funding and investment, with many organizations concerned that with a focus on economic growth, India and its development proponents are ignoring critical social and environmental concerns. Many invitees were also skeptical of engaging in the outreach due to poor experiences of World Bank consultations in the past and questions about the CAO's effectiveness.

The three workshops, while distinct, brought to light common issues and critical learning. The majority was unaware of IFC and MIGA's role. Most participants had never heard of the CAO, and questioned how local stakeholders of IFC/MIGA-funded projects learn about its work. Participants raised challenging questions about the extent to which IFC/MIGA encourage clients to engage with local communities, and how space is created for discussion before a project is sanctioned. Other concerns focused on access to information on projects, especially action plans, and social and environmental impacts.

The CAO will return to India for further outreach in FY2010.



Civil society outreach, New Delhi, India/CAO



TABLE 4. EXTERNAL OUTREACH ACTIVITIES IN FY2009

Date	Event	Location
Jul 2008	Consultations with 100+ civil society organizations in the Russian Federation in partnership with World Wildlife Fund (WWF) Russia, and the Overseas Private Investment Corporation (OPIC) Office of Accountability	Moscow, Novosibirsk, Vladivostok, Russian Federation
Oct 2008	World Bank Group Annual Meetings: two meetings with civil society to discuss CAO advisory work and cases	Washington, DC
Feb 2009	African Development Bank Compliance Review and Mediation Unit outreach workshop with 40+ Nigerian civil society organizations	Lagos, Nigeria
Mar 2009	CAO-organized outreach workshop in partnership with SEND-Ghana for 40+ Ghanaian civil society organizations	Accra, Ghana
Mar 2009	Meeting between European civil society organizations, the CAO, World Bank Inspection Panel, European Investment Bank Complaints Office, and European Ombudsman Panel, European Investment Bank Complaints Office, and European Ombudsman	Brussels, Belgium
Apr 2009	Bank Information Center (BIC) training workshop for civil society organizations from Cambodia, China, Laos, Myanmar, Thailand, and Vietnam	Ho Chi Minh City, Vietnam
Apr 2009	Bank Information Center (BIC) training workshop for civil society organizations from Indonesia	Jakarta, Indonesia
Apr 2009	CAO outreach workshops for civil society in partnership with Meta-Culture Dialogics, an Indian-based dispute resolution consultancy	New Delhi, Kolkata, Bangalore, India
Apr 2009	World Bank Group Spring Meetings: two meetings with civil society to discuss CAO compliance and advisory work	Washington, DC
Jun 2009	African Development Bank Compliance Review and Mediation Unit outreach workshop with 40+ civil society organizations from Cape Verde, Gambia, Guinea Bissau, Mali, Mauritania, and Senegal	Dakar, Senegal

Civil society outreach, Novosibirsk, Russian Federation/CAO



The CAO's Effectiveness: Monitoring and Evaluation

In FY2009, the CAO initiated a process for assessing its overall effectiveness. This process will enable periodic reporting on performance in the CAO's main business lines, identify potential areas for process improvements, provide information for future evaluation, and enhance outcomes.

Pilot surveys were conducted between July 2008 and May 2009 involving five ombudsman cases and three compliance cases. Surveys were conducted for three ombudsman cases that achieved a memorandum of understanding (or agreement to mediate), and two cases that reached a final settlement agreement. For CAO Compliance, the pilot included a survey of one case submitted for appraisal and two cases audited by the CAO.

The pilot surveys found the following conclusions from key stakeholders including complainants, sponsors, and IFC/MIGA staff:

Ombudsman process

- The CAO valued and used information provided by stakeholders equitably.
- The CAO's process and treatment are viewed as fair.
- Agreements included options for remediation process, implementation, responsibilities, and follow-up.
- The parties participated in and agreed on process design, including goals, ground rules, and work plans.
- The parties believe the CAO's assessments are evidence-based, transparent, and fair.
- The parties understand the rationale for the assessment decision, and view them as appropriate.
- The parties agreed that the CAO is a safe and trusted space to lodge complaints.

Compliance process

- The appraisal was appropriately fair, transparent, and evidence-based.
- The appraisal report was communicated in a clear and understandable way
- The audit was fair, transparent, and evidence-based.
- The audit was professional, credible, high quality, and conducted with integrity.
- The audit report was communicated in a clear and understandable way.



The pilot phase of the program highlighted the need for several changes and clarifications in the survey interviews. For example, there was some confusion among respondents about the distinction between a memorandum of understanding and an actual settlement agreement. The CAO has adjusted the interview questions to clarify this distinction, and the revised survey will be administered in the coming year and beyond, as CAO complaints are processed.

Overall, the survey points to the continuing challenges of CAO interventions, such as how to identify trends and best practices in CAO interventions; strategies for measuring the development impact of CAO's work; and the relationship between CAO interventions and IFC/MIGA's responses to our findings. We will continue to focus on these challenges in the coming year.



Caucus, Indonesia, Gamal Pasya/CAO



Summary of CAO Cases, FY2009

The CAO case names consist of:

- The country where the project is located
- The IFC/MIGA project name, along with the cumulative number of cases the CAO has handled on that project
- The location of the complainant(s), if their identity is not confidential.

This summary includes only those complaints that met CAO eligibility criteria in FY2009 or that were ongoing from previous fiscal years. Complaints that were rejected for assessment are not included. Cases are listed alphabetically by country and by case, in the order in which they were received.

ECUADOR

Interagua-01/Guayaquil

Received January 2008; Ombudsman assessment is ongoing; Open

International Water Services Project Guayaquil (“Interagua”) aims to improve services and the operating performance of the existing water utility in Guayaquil, Ecuador, as a private sector operator. It was supported by an \$18 million MIGA guarantee in 2001. It is regulated by a government agency under the terms of a concession contract that sets out targets for quality of water provision, connections of potable water and sewage, and service coverage.

A complaint was filed in January 2008 by residents of the city of Guayaquil, the Asociacion Movimiento Mi Cometa, and the Observatorio Ciudadano de Servicios Publicos. The signatories raised concerns about cuts of residential water to the poor, lack of service hook-ups in poorer neighborhoods, lack of sewage or wastewater treatment, and compliance with the concession contract between the company and the Government of Ecuador.

Following a CAO ombudsman assessment, the parties agreed to continue working together to try and resolve the issues. In October 2008, an Ombudsman team met with the parties in Guayaquil immediately following passage of a Constitutional Referendum that prohibits all forms of water privatization in Ecuador. Although passage of the referendum satisfied most of the complainants’ concerns, they requested continued engagement with CAO Ombudsman to resolve 3,533 complaints that water users



CEO of Interagua with complainant, Ecuador/CAO



Summary of CAO Cases, FY2009

have submitted to the NGO during the past several years. Following the October 2008 meeting, the parties formed a dialogue table facilitated by a CAO team. In their first three meetings, the stakeholders reached a series of agreements toward resolution of the 3,533 cases and additional concerns. The CAO Ombudsman team continues to facilitate and monitor implementation of those agreements.

GEORGIA

Cases Concerning the BTC Pipeline

The Baku-Tbilisi-Ceyhan (BTC) oil and gas pipeline is a 1,768 km-long crude oil pipeline stretching from the Caspian Sea to the Mediterranean Sea. It is the second longest oil pipeline in the world and passes through Azerbaijan, Georgia, and Turkey. IFC has invested \$250 million since 2003 and the total project cost is approximately \$3.6 billion. The project is operated by BTC Co., which comprises a consortium of 11 partners. To date, the CAO has received 32 complaints in relation to the project ranging from individuals to communities to local organizations—mostly from Georgia. Concerns raised in the two complaints received during this fiscal year center primarily on adherence to the “Guide to Land Acquisition and Compensation in Georgia for BTC and South Caucasus,” which sets forth the required policies for land reinstatement and compensation.

BTC Pipeline-30/Vale (4)

Received August 2007; Agreement being implemented and monitored by CAO Ombudsman; Open

On August 20, 2007, the CAO received a complaint from residents of Vale, who claimed that BTC Co. did not meet previously agreed land restoration commitments. Following an assessment and facilitated meetings by CAO Ombudsman, the parties reached several agreements toward resolution of the case. The second of those, signed in June 2008, states that the complainant will carry out a spring planting, and in the fall of 2009, the parties will jointly monitor the crop yield. At that time, they will work with the CAO to determine whether compensation should be paid to the complainant. The CAO is monitoring implementation of this agreement.

BTC Pipeline-31/Naokhrebi

Received February 2008; Transferred to CAO Compliance June 2008; Closed after compliance appraisal, November 2008

On February 28, 2008, the CAO received a complaint filed on behalf of villagers in Naokhrebi, Akhalsikhe District, lodged by two representatives: the head of a community association called Pobresi, and a legal representative of the population. The complaint raises issues about residents' land rights and describes a long-running dispute over registration of lands and implementation of a purchase agreement.

On March 5, 2008, the CAO determined the complaint met its eligibility criteria for further assessment. In April, the CAO traveled to Naokhrebi to work with the parties and discuss options for resolution.

The dispute involves the villagers' claim that they were never compensated for land purchased from the state by BTC Co. for the construction and permanent operation of a gas treatment facility. BTC Co. claims it purchased the land legally and at fair market price from the appropriate Georgian government authorities, whose maps and pre-purchase documentation confirmed the land was state-owned and not in use for agricultural or other purposes. Complainants have been disputing the terms of the purchase agreement for three years, saying they are the rightful owners and users of the land. During the CAO's visit, the complainants produced maps and other land ownership documents that they say contradict BTC Co's assertion.

The case is currently being considered in the Georgian courts. The complainants had requested that the CAO Ombudsman assist them in making an out-of-court settlement offer to resolve the matter, which the CAO drafted and presented to BTC Co. during the April 2008 assessment trip. BTC Co. declined the offer on the grounds that the case would set a precedent for similar claims that they believe have no merit, or that they underscore a lack of accountability within the Georgian government.

As a result of BTC Co.'s unwillingness to pursue a negotiated settlement through the CAO Ombudsman, the Naokhrebi complaint was transferred to CAO Compliance for appraisal to determine whether an audit is warranted. CAO Compliance concluded that the case did not merit an audit. The case is closed.

BTC Pipeline-32/Vale (5)

Received September 2008; Ombudsman assessment is ongoing; Open

On August 18, 2008, the CAO received a complaint from a representative of the Georgian Young Lawyers Association (GYLA) signed by 31 residents of Vale regarding reinstatement of privately owned land following completion of the BTC pipeline. The complainants say BTC Co. has not fulfilled the terms of its "Guide to Land Acquisition and Compensation," which commits to undertaking a final inspection of the whole pipeline territory together with the primary owners/users of the land. The complaint questions why BTC's compensation calculations for certain plots are based on 2002 market prices, and not commensurate with 2007–8 prices.

The CAO Ombudsman team worked with GYLA to obtain permission of the 31 signatories to forward their names to BTC Co. so the company could review the individual claims. With the signatories' permission, the CAO released the names to BTC Co., which then provided the status of their negotiations with the various complainants. While a number of the complainants had already signed servitude agreements with the company and had received compensation, several others remained unresolved.



Summary of CAO Cases, FY2009

A CAO Ombudsman team began working with those parties and with BTC to help resolve the issues. In early July 2009, BTC and the complaints reported that the parties had reached final agreements. These included joint monitoring of crop yields in the fall of 2009, and possible compensation based on the monitoring results. The CAO is monitoring implementation of those agreements.

INDONESIA

Cases Concerning the Wilmar Group

The Wilmar Group is a large agribusiness conglomerate specializing in the production and trade of palm oil, operating in Asia, eastern Europe, and Africa. Since 2003, IFC has undertaken four investments in the Wilmar Group. The cultivation and production of palm oil has caused considerable social tensions between private sector operators and communities in Indonesia. Some community members see palm oil plantations as a threat to their forests and land in a climate where regulations for land appropriation lack clarity and do not always recognize traditional communal property.

Wilmar Group-01/West Kalimantan

Received July 2007; Ombudsman monitoring and compliance audit is ongoing; Open

In July 2007, various community groups and international NGOs lodged a complaint with the CAO raising the following concerns about adverse environmental and social impacts of Wilmar Group operations, with particular reference to Indonesia:

- Land clearance without appropriate community approval or completion of Environmental Impact Analysis (EIA) processes
- Violation of national regulations and laws, as well as the Principles and Criteria of the Roundtable on Sustainable Palm Oil
- Inadequate compliance with IFC operating procedures and due diligence requirements.

CAO Ombudsman was successful in encouraging Wilmar and community members to agree to a dialogue process to resolve this conflict. A moratorium on further land clearance was announced by Wilmar and the CAO worked with the communities and Wilmar to build capacity for representation and negotiation. A settlement agreement was announced in late 2008, which contained the following provisions:

- Agreement for community access and use of land that had not been converted to plantations
- Compensation for households for appropriation of land
- Enhanced community investment funds for collective benefits and access to development opportunities for the broader community.

A joint monitoring and evaluation team has been established to ensure implementation of these agreements and CAO Ombudsman remains engaged with the parties to address concerns as they arise. Questions relating to IFC's due diligence are being identified as the subject of an ongoing independent audit by CAO Compliance.

Wilmar Group-02/Sumatra

Received December 2008; Ombudsman assessment is ongoing; Open

In December 2008, various community groups and international NGOs lodged a second complaint with the CAO. This complaint raises similar issues to the original July 2007 complaint regarding adverse environmental and social impacts of Wilmar Group operations. The complainants are concerned about environmental and social impacts being experienced by local communities caused by wholly owned subsidiaries (other palm oil plantations) of the Wilmar Group.

The complaint was deemed eligible for assessment in January 2009 and CAO Ombudsman is working with the parties to seek resolution through a mediation process. The ombudsman assessment is ongoing.



Sajingan Kecil community members and Wilmar company staff, Indonesia, Gamal Pasya/CAO



Summary of CAO Cases, FY2009

KAZAKHSTAN

Cases Concerning the Lukoil Overseas Project

The Lukoil Overseas Project is an IFC-financed investment in the Karachaganak Oil and Gas Condensate Field in the Western Kazakhstan Oblast. The field was purchased by the consortium, Karachaganak Petroleum Operating B.V. (KPO) (then “Karachaganak Integrated Operating”) in 1998 to develop the fields and double crude oil and condensate production. Lukoil’s share of project costs is \$575 million and IFC provided \$150 million in loans. The CAO has received three complaints concerning this project.

Lukoil Overseas-01/Berezovka

Received September 2004; Compliance audit released March 2008; Audit closed April 2009

In September 2004, Crude Accountability, an NGO based in the United States, lodged a complaint with the CAO on behalf of residents of Berezovka. The complainants, who are seeking relocation of the village, raised concerns about the health and well-being of Berezovka residents related to air emissions and quality of drinking water.

CAO’s Assessment Report was completed in April 2005 and found that health and air quality data not made available previously ought to be released to the public and that without baseline data, it is difficult to distinguish the health and environmental effects of the current project from those unrelated problems caused previously. In February 2006, the CAO released a progress report that recommended a process for establishing a multiparty monitoring initiative. Both parties’ responses indicated their lack of willingness to engage in a collaborative process. Therefore in August 2006, the CAO closed the complaint and transferred the case to CAO Compliance for appraisal for audit.

In its Appraisal Report of April 2007, CAO Compliance determined that the issue related to emissions to air satisfied the requirements for further investigation in the form of an audit of IFC. CAO Compliance deemed that the other issues related to water quality and relocation did not fulfill the audit criteria.

In its Audit Report, completed in April 2008, the CAO found IFC to be out of compliance on issues related to how IFC assured itself that emissions to air from the Karachaganak Project complied with IFC requirements. The CAO continued to monitor actions by IFC in order for the CAO to assure itself that IFC would fulfill its compliance obligations. In January 2009, Lukoil ended its contractual obligations to IFC by prepaying its outstanding balance and therefore ending IFC’s obligations to assure itself of project performance. Nevertheless, IFC remained concerned, and engaged directly with the project to verify compliance.

Following a site visit by CAO's audit team in January 2009, a monitoring report was issued, which listed the issues related to the project's performance reporting that remained outstanding: reporting of stack emissions, completeness of ambient air quality monitoring programs, and adequacy of the selection of ambient air quality monitoring sites. In January 2009, the project committed to an action plan that, if adhered to, would resolve outstanding issues related to the project's performance. By April 2009, the CAO had received confirmation that the project had adhered to the action plan. The issues related to IFC's assurance process, however, remained unaddressed. Nevertheless, since the noncompliances related to the project performance had been addressed by the project and IFC's client had ended its contractual relationship, the CAO closed the audit, leaving the issues related to IFC's assurance process unaddressed.

Lukoil Overseas-03/Berezovka

Received May 2008; Transferred to Compliance April 2009; Compliance appraisal is ongoing; Open

In May 2008, two nongovernmental organizations (Crude Accountability and Green Salvation Ecological Society) lodged a complaint with the CAO on behalf of residents of Berezovka, Kazakhstan, regarding impacts of the project. This was the third complaint filed by the same NGOs against the project. It raises issues regarding IFC's compliance with policies and guidelines in place at the time of the loan, and the legality of the Kazakh government's reduction of a Sanitary Protection Zone that encompasses the field. To resolve the complaint, the signatories demanded that the 1,300 residents of Berezovka be resettled, and that they be compensated for hardships endured since the filing of the first complaint.

An ombudsman assessment entailed nearly eight months of meetings and discussions with the key stakeholders, including a visit to the region in November 2008. In January 2009, while the assessment was still ongoing, Lukoil Overseas ended its contractual obligation to IFC by prepaying its outstanding balance. Despite the prepayment, the CAO Ombudsman remained engaged with the parties to help them determine how to resolve the complaint. Based on the assessment findings and history of the dispute since the filing of the first complaint, the Ombudsman proposed that the parties undertake a multistakeholder meeting, facilitated by an independent, neutral facilitator contracted through the CAO, in an effort to reach common understanding of their perspectives, interests, and ideas for resolution.

In response to the Ombudsman's proposal, KPO supported the approach of a facilitated dialogue to attempt to resolve the key issues. However, the NGOs did not support the proposal to engage collaboratively with the company, and instead requested a third CAO compliance appraisal to determine whether an audit was merited. Because the parties were unable to agree on a process for jointly resolving the complaint, the CAO Ombudsman concluded its involvement and transferred the complaint to CAO Compliance.



Summary of CAO Cases, FY2009

KENYA

Pan African Paper-01/Webuye

Received February 2008; Ombudsman assessment is ongoing; Open

The Pan African Paper Mills (East Africa) Ltd. is a project based in Webuye, Kenya in which the IFC first invested in 1974. Subsequently, it supported the company with nine loans and equity investments. At one time, PPM produced more than 80 percent of the country's paper and was one of Kenya's largest employers. However, over the course of the investment, Pan African Paper Mills accumulated more than \$35 million in debt to IFC and its other shareholders, and in March 2009 the company ceased operations. After several failed attempts at restructuring Pan African Paper Mills over the past five years, IFC notified the company and the Government of Kenya in April 2009 that it had formally relinquished the entirety of its debt claim in the project. With the cancellation of the debt, IFC also offered to fund a general environmental audit of the mill, regardless of whether Pan African Paper remains closed or reopens under new ownership. The audit will be completed for Pan African Paper by an international firm, and will define a plan for safe and proper start-up in the event the mill reopens or, if it remains permanently closed, a plan for safe and proper decommissioning of the facility.

In February 2008, two Kenyan-based NGOs—the Resource Conflict Institute (RECONCILE) and Center for Environmental and Development Education Programs (CEDEP)—lodged a complaint with the CAO on behalf of residents of Webuye town, western Kenya. The complaint raised a number of concerns about the environmental and social impacts of PPM, and questions about the disclosure of information about the company's activities.

Following an ombudsman assessment trip and subsequent negotiations between the key stakeholders, the parties reached agreement to undertake a Stakeholders' Forum to discuss the specific complaints regarding the project's social and environmental impacts, as well as broader issues of community and economic development. Shortly after this agreement was reached, however, Pan African Paper ceased operations, and IFC subsequently relinquished its debt claim in the company. The CAO Ombudsman team has continued to work with the complainants to help them determine whether to pursue facilitated discussions about Webuye's economic future, and the terms of IFC's environmental audit of Pan African Paper.

NICARAGUA

Nicaragua Sugar Estates Limited-01/León and Chinandega

Received March 2008; Ombudsman assessment is ongoing; Open

Nicaragua Sugar Estates Limited (NSEL) is the owner of an agro-energy complex located northwest of Managua, in the department of Chinandega. This IFC-financed project seeks to expand NSEL's production and processing of sugarcane. In March 2008, the Center for International Environmental Law lodged a complaint with the CAO on behalf of 673 residents of communities in the departments of León and Chinandega and former NSEL employees. The complaint raised the following concerns:



CAO team with medical expert from University of León, Nicaragua, David Silver/CAO

- Health impacts on local communities, including chronic renal insufficiency and respiratory problems as a result of sugarcane burning
- Labor and working conditions, such as rights of association and restrictions to forming a union
- Inappropriate land acquisition in relation to indigenous communities
- Offsite environmental impacts, including water contamination, air pollution, and pesticide effluence
- IFC compliance with Performance Standards, policies, and procedures.

CAO Ombudsman conducted a field assessment in June 2008 and released an Assessment Report in October 2008. The report found no general objection to the presence of NSEL in León and Chinandega, but rather an expressed desire to work together to resolve issues of mutual concern. Nevertheless, local communities are concerned about the possible impacts to their health and livelihoods and to the environment as a result of NSEL activities.

Following a site visit in November 2008, the parties agreed to prioritize efforts on health issues related to chronic renal insufficiency due to their urgency and severity. All parties expressed their willingness to work with CAO Ombudsman to explore options for improved care to affected communities, and to conduct detailed research into the causes of chronic renal insufficiency in this environment.

Since February 2009, the CAO has worked with the parties to build a dialogue table on chronic renal insufficiency. Further meetings are expected throughout 2009.



Summary of CAO Cases, FY2009

PERU

Agrokasa-01/Ica

Received five complaints June 2–29, 2009; Ombudsman assessment is underway; Open

Agrokasa, an IFC client since 1999, is a leading Peruvian grower and exporter of fresh asparagus, table grapes, and avocados. The company operates three farms, two of which—Santa Rita and Catalina—are located 300 km south of Lima in the arid coastal valley of Ica. Between June 2 and 29, 2009, five complaints were filed with the CAO regarding the impacts of Agrokasa’s operations on the Ica aquifer. The complaints raise concerns about depletion of the aquifer due to excessive drilling by Agrokasa and other large exporters, the legality of certain licenses and permits for wells and water transfers, deteriorating water quality throughout the valley, and inadequate disclosure of project information to impacted growers and municipalities in the region.

The CAO Ombudsman scheduled an assessment trip for July 2009, and has begun working with the parties to help them determine their best alternatives for resolving the complaints.

THE PHILIPPINES

Ambuklao-Binga Hydroelectric Power-01/Binga

Received June 2008; Ombudsman assessment is ongoing; Open

IFC provided financing to the SN Aboitiz company to privatize and rehabilitate the Ambuklao-Binga hydroelectric power plants owned by the National Power Corporation of the Philippines. In June 2008, members of the Ibaloi indigenous community and residents of Sitio Binga, Barangay Tinongdan in the municipality of Itogon, located in the vicinity of the power plants, lodged a complaint with the CAO. The complainants expressed the following concerns:

- Displacement of indigenous peoples and deprivation of property, land, and livelihoods of local communities
- Access to jobs and economic opportunities for local community members.

Members of the Ibaloi indigenous community were displaced over 60 years ago by development of the original hydropower development. The group still refers to themselves as displaced peoples. Privatization of the power facilities awakened historical tensions within the community and a desire to seek redress for what they believe are wrongs of the past.

The CAO conducted an assessment and released a preliminary stakeholder report in July 2008. After review and consultation on the report, the parties reached an agreement for a facilitated dialogue process.

The dialogue process was open and inclusive, involving representatives from the indigenous communities, the Barangay captains, municipal councilors, the provincial governor, the National Power Corporation and its privatized entity known as PSALM, as well as the SN Aboitiz company. The process started with a training program to build skills and trust among the parties for interest-based negotiation and dialogue. This process identified key issues of priority for all the parties.

The parties signed a final agreement in May 2009. This agreement contained provisions for:

- Access to land and usufruct rights for communities over communal property, including village infrastructure, facilities, and some houses that were made available as a result of the privatization process
- Local benefits flowing from corporate social responsibility funds and local government revenues as a result of the project
- Enhanced livelihood opportunities for local people through the government (NPC) watershed development and protection programs.

In addition, SN Aboitiz has made provision for local employment and benefits through contracts for goods and services.



Signing of Ambuklao-Binga agreement, the Philippines/CAO



Summary of CAO Cases, FY2009

RUSSIAN FEDERATION

Cases Concerning the Russkiy Mir II Project

The Russkiy Mir II project involves an IFC loan of up to \$100 million to develop the Taman liquid petroleum gas (LPG) and fuel oil terminal and port on the Taman Peninsula of the Black Sea in the Russian Federation. The project involves the purchase and expansion of rail maintenance facilities, purchase of locomotives and rail cars, and purchase of a wheel-making/spare parts manufacturer and other rail-related infrastructure. IFC's investments consist of a \$45 million A-loan and a \$55 million B-loan. It is IFC's second investment in the Russkiy Mir Group; a \$15 million A-loan was approved in April 2004.

Russkiy Mir II-01/Taman

Received October 2007; Transferred to CAO Compliance June 2008; Compliance appraisal is ongoing; Open

A complaint filed in October 2007 by two NGOs—Save Taman! and North Caucasus Environmental Watch—raises concerns about the impacts of the project, and about IFC's due diligence prior to Board approval of the loan. The NGOs believe the company's activities pose a number of threats to the natural and social environment in the region surrounding the Taman Peninsula. They also question IFC's environmental categorization of the project as "B" rather than "A," and believe that the environmental review process failed to comply with IFC policies.

In March 2008, a CAO Ombudsman team conducted an assessment and found that many project-impacted stakeholders who did not sign the complaint regard the issues of social development and community engagement as a high priority. Those stakeholders expressed their support for a facilitated community engagement process to address issues of social development and investment in the future of the peninsula. However, because those issues were not the focus of the complaint filed with the CAO by the two NGOs, the signatories requested that the CAO's involvement focus exclusively on the question of IFC's categorization of the loan to Russkiy Mir, and requested a transfer of the case to CAO Compliance for appraisal.

In accordance with CAO Operational Guidelines, the CAO Ombudsman concluded its assessment of the complaint and transferred it to CAO Compliance. CAO Compliance is currently conducting an appraisal to determine whether an audit of IFC is merited.

Russkiy Mir II-02/Taman

Received February 2008; Transferred to CAO Compliance August 2008; Compliance appraisal is ongoing; Open

In February 2008, a farmer living next to the project site lodged a complaint with the CAO expressing concern about the proximity of a gas pipeline to his home. The complainant believes that the location of the pipeline violates Russian legislation and jeopardizes the safety and well-being of his family. He requested that the company relocate his household or compensate him for suffering endured as a result of the situation.

A CAO Ombudsman team conducted an assessment and site visit in March 2008, and held meetings with the complainant and his family to discuss the concerns. An NGO representing the complainant, Save Taman!, committed to assisting the complainant in scheduling a meeting directly with Russkiy Mir management so the parties could discuss the situation directly. Several months following this commitment, the complainant reported to the CAO that the NGO no longer represented his interests, and requested a withdrawal of his case from the CAO complaint handling process. In order to ensure that there are no outstanding issues regarding this complaint, the Ombudsman concluded its involvement in the case and transferred it to CAO Compliance for appraisal. The complainant's name remains confidential at his request, and a CAO compliance appraisal is ongoing.

Russkiy Mir II-03/Taman

Received September 2008; Ombudsman assessment is ongoing; Open

In March 2009, a resident of Taman Village submitted a complaint to the CAO on behalf of 90 other residents regarding environmental and socioeconomic impacts of the Russkiy Mir project. The complaint states that the construction activities of Russkiy Mir and two other companies working in the region have damaged local roads and homes and reduced the standard of living for residents. The complaint requests that the company repair the roads, develop a bypass road to divert construction from the settlement, and compensate villagers whose homes have been damaged.

In June 2009, the parties agreed to meet together in the fall of 2009 at a roundtable involving the complainants, the company, and relevant local authorities. CAO Ombudsman is working with the parties to establish the goals and ground rules for the discussions, and is scheduled to facilitate the meeting in September 2009.



Summary of CAO Cases, FY2009

TURKEY

Assan Aluminio-01/Dilovasi

Received September 2008; Ombudsman assessment is ongoing; Open

Assan Aluminio is a former state-owned aluminum sheet, coil, and foil manufacturer. The project was intended to be a large investment program to modernize, upgrade, and expand Assan Aluminio's existing capacity to augment the plant's productivity and efficiency. Improvement of the company's corporate governance was also intended to be a significant goal of the project.

In October 2008, the Confederation of Turkish Trade Unions (Turk-is) lodged a complaint with the CAO on behalf of the Metal Workers' Union of Turkey expressing concerns about the particular issue of rights of association. The complainants sought assurance of the company's support for and conformity with the labor and working conditions enshrined within the IFC Social and Environmental Performance Standards, in particular PS2 on labor conditions.

The complaint was accepted by the CAO. However, the project was in an early stage of IFC involvement and therefore IFC had not yet completed its own due diligence procedure and processes. The CAO requested IFC to include the complaint issues in its appraisal. As a consequence, specific requirements were agreed by the client (through the publicly available Action Plan) to increase visibility of PS2 requirements in the workforce and promote improved capacity for enhanced labor relations.

Standard Profil II-01/Duzce

Received September 2008; Ombudsman assessment is ongoing; Open

IFC has invested in two projects related to Standard Profil, a manufacturer of plastic automobile components with production facilities located in Duzce, Turkey. The first investment in 2006 was to facilitate the improvement of operational facilities. The second investment in 2007 was expected to support innovation through the company's research and development capacity in order to create employment opportunities for highly skilled Turkish technicians.

In September 2008, the Confederation of Turkish Trade Unions (Turk-is) lodged a complaint with the CAO on behalf of workers of the Petroleum Chemical Rubber Workers' Trade Union of Turkey (Petrol-is) and Standard Profil. The complaint related to labor and working conditions and more specifically, rights of association and restrictions on forming a labor union.

CAO Ombudsman conducted a preliminary field visit in November 2008, followed by regional consultation visits to discuss the possible options to achieve a resolution. In the Stakeholder Assessment Report, completed in February 2009, the CAO recommended that Standard Profil take the following actions:

- Promote awareness of IFC Performance Standard 2 on Labor and Working Conditions, by means of increased visibility in the workplace
- Together with the CAO, assist workers and management in implementing a training program to ensure the effective application and understanding of PS2 requirements
- In consultation with the CAO and IFC, implement an independent labor audit to provide assurance of adherence to IFC's core labor standards.

The CAO received confirmation from the relevant parties that the recommended actions provided a satisfactory resolution of the complaint. As such, the CAO is now working with both Standard Profil and IFC in pursuit of effective implementation of the recommended actions. The CAO will continue to monitor the progress of these goals until they are satisfactorily completed. Thus, the complaint remains open.



Members of Senujuh community who will manage village smallholder oil palm plantation gained from negotiation agreement, Indonesia, Gamal Pasya/CAO



Funding Message

In FY2009, the CAO had an administrative budget of \$3,306,889. The Office also has an agreement with IFC and MIGA whereby 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. The contingency fund is \$1 million. In FY2008, CAO used \$613,107 from the contingency fund.

The CAO funds all assessments of complaints from its own operating budget. For complaints that are assessed, and for specific mediation activities to be organized and/or managed by the CAO Ombudsman, the parties to a dispute may contribute funds to a separate account managed by the CAO. If parties sign an agreement to mediate or a memorandum of understanding to negotiate, the CAO works with the parties to resolve payment issues. For parties that are not in a position to contribute, the CAO has the option to draw on its contingency fund.

No arrangements exist for separate funding on compliance cases or advisory work. The cost of compliance appraisals and audits, and CAO advisory work, are funded from the CAO's administrative budget.

Strategic Advisors

Ray Albright	Managing Director, AMB Internation Finance, LLC
Glen Armstrong	Independent consultant
Antonia Chayes	Visiting Professor of International Politics and Law, Tufts University
William (Bill) Davis	Director, DPK Consulting, a division of ARD
David Hunter	Associate Professor and Director, Environmental Law Program, Washington College of Law, The American University
Manuel Rodríguez	Professor, School of Management, Universidad de los Andes, Bogotá; Former Minister of Environment, Colombia
Lori Udall	President, Montpelier Consulting, LLC
Susan Wildau	Partner, CDR Associates



Fishermen in Kerala, India/CAO



CAO Staff



Meg Taylor,
Vice President, 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. 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,
Principal Specialist, Ombudsman

A British national, Amar Inamdar leads complex multiparty dispute resolution process on sensitive private sector projects. Amar founded and managed a successful professional consulting practice in Oxford, England, focused on international investment. He was a major contributor to the U.K. government's White Paper on "Making Globalisation Work for the Poor," and for two years worked to achieve a lasting compensation settlement between civil society groups and Rio Tinto in Indonesia. He has contributed to the MBA program at the Said Business School at Oxford and the Kennedy School of Government at Harvard. Amar started his professional career as a corporate strategy consultant with Cap Gemini and worked for the World Wide Fund for Nature in Eastern Africa. He was born and lived in Kenya, educated at Oxford University, and has a PhD from Cambridge University.



Henrik Linders,
Senior Specialist, Compliance

A Swedish national, Henrik Linders has a professional background in private sector project compliance and corporate risk. Before joining the 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.



**Kate Kopischke,
Specialist, Ombudsman**

A U.S. national, Kate Kopischke has a background as an independent mediator and facilitator with experience in multiparty conflicts and consensus building. Her expertise includes both private and public sector cases involving economic development, social and environmental disputes, and public-private partnering agreements. She holds a master's degree in intercultural communication. In addition to her private mediation practice, she served for five years as program and communications manager for the Policy Consensus Initiative, a U.S.-based NGO that works with public leaders to strengthen and encourage the use of consensus building in the public sector.



**Julia Gallu,
Specialist, Ombudsman**

Before joining the CAO, Julia Gallu, a German national, was a sustainability risk manager at Swiss Reinsurance Company in Zurich, Switzerland, helping to develop sustainability risk management policies. Previously, she was part of the World Bank Group Extractive Industries Review team and worked for IFC in the area of environmental and social standards and development impact measurement. Julia holds an MA in International Relations from Johns Hopkins School of Advanced International Studies (SAIS) and an MA Joint Honours in Politics and Economics from the University of Edinburgh.



**Emily Horgan,
Program Officer**

Emily Horgan manages the CAO's outreach program to civil society and other stakeholders. Emily is a communications specialist with expertise in social and environmental issues. Before joining the CAO, she worked for IFC on sustainability reporting, sustainable finance, and IFC's environmental, health, and safety guidelines update. She also worked for the Extractive Industries Review, and on assignments related to alternative fuels, HIV/AIDS, and water and sanitation. Formerly, Emily worked for the *Financial Times* and in public relations in London. A British national, she received an MA in International Relations from the Johns Hopkins School of Advanced International Studies (SAIS) and a BA Joint Honours in Politics and History from the University of Durham.



**Andrea Repetto Vargas,
Operations Analyst**

A Chilean national, Andrea Repetto has worked on human rights issues in Latin America. In Chile, she worked for academia and for a nongovernmental organization dealing mostly with public interest matters. Before joining the CAO, Andrea worked as a human rights specialist at the Inter-American Commission on Human Rights, mainly on following up on human rights and international humanitarian law aspects of the demobilization process of the illegal armed group United Self-Defense Forces of Colombia (AUC), and as country lawyer for Brazil. She earned her law degree from University Diego Portales in Chile, and a LLM in international and comparative law from the George Washington University Law School.



**Susana Rodriguez,
Research Analyst**

An Ecuadorian and Spanish national, Susana received her MA in International Relations from Johns Hopkins School of Advanced International Studies (SAIS) and her BA in Political Science from Davidson College, USA. Before joining the CAO, she worked in various local and international NGOs in the United States, Switzerland, and South Africa, as well as for UNDP in Ecuador. Susana's areas of professional interest are conflict management and African studies.



**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.



**Charity Agorsor,
Consultant Services Assistant**

A Ghanaian national, Charity Agorsor came to the CAO with extensive experience from IFC's Industry Department and provides procurement assistance to the CAO office. She is the focal point of contact for all consultants hiring and other resource management transaction processing for the CAO.



**Rosemary Thompson-Lewis,
Program Assistant**

A U.S. national and native of Washington, DC, Rosemary came to the CAO from the Environment and International Law Department at the World Bank. Rosemary brings a life of rich and eclectic experience to the CAO and works directly with the Principal Specialist, Ombudsman, Amar Inamdar.



Reports and Publications, FY2009

Ombudsman Reports

Ambuklao-Binga Project Preliminary Assessment Report, July 2008

(CAO case: Philippines/Ambuklao-Binga Hydroelectric Power-01/Binga)

Russkiy Mir II Project Preliminary Assessment Report, July 2008

(CAO case: Russian Federation/Russkiy Mir-01/Taman)

Pan African Paper Mills Preliminary Assessment Report, October 2008

(CAO case: Kenya/Pan African Paper-01/We buye)

Nicaragua Sugar Estates Limited Preliminary Assessment Report, December 2008

(CAO case: Nicaragua/Nicaragua Sugar Estates Limited/León and Chinandega)

Standard Profil Preliminary Assessment Report, February 2009

(CAO case: Turkey/Standard Profil II-01/Duzce)

Wilmar Group Final Assessment Report, March 2009

(CAO case: Indonesia/Wilmar-01/West Kalimantan)

Compliance Reports

CAO Appraisal for Audit of IFC, Wilmar Group, Case of Forest Peoples Programme, September 2008

(CAO case: Indonesia/Wilmar-01/West Kalimantan)

CAO Appraisal for Audit of IFC, BTC Project, Case of Residents in the Village of Naokhrebi, November 2008

(CAO case: Georgia/BTC Pipeline-31/Naokhrebi)

CAO Appraisal for Audit of IFC, Topic 2 Issues, Wilmar Group, Case of Forest Peoples Programme,

March 2009 (CAO case: Indonesia/Wilmar-01/West Kalimantan)

CAO Appraisal for Audit of IFC, Fourth Investment, Wilmar Group, Case of Forest Peoples Programme,

March 2009 (CAO case: Indonesia/Wilmar-01/West Kalimantan)

CAO Audit Monitoring Report—Closure of Audit, Karachaganak Project, Case of Residents in the

Village of Berezovka, April 2009 (CAO case: Kazakhstan/Lukoil Overseas-01/Berezovka)

CAO Audit of IFC, Wilmar Group, Case of Forest Peoples Programme, June 2009

(CAO case: Indonesia/Wilmar-01/West Kalimantan)

CAO Complaint Log, FY2000–9

This log includes the entire history of complaints received by the CAO since FY2000. It includes those complaints that were deemed not eligible for assessment.

OMBUDSMAN (109)			
Complaints	Date complaint received	Eligible for assessment?	Open or date closed
FY2000			
No Complaints	n.a.	n.a.	n.a.
FY2001			
Chile: Empresa Electrica Pangué S.A.-01/ Upper Bio-Bio Watershed	Aug 2000	Yes	Jan 2005
Peru: Compañía Minera Antamina S.A.-01/Huarmey	Sep 2000	Yes	Sept 2000 ^a
Uganda: Bujagali-01/Bujagali Falls	Nov 2000	No	Dec 2000
Jordan: Jordan Gateway Projects Co-01/Bet Shean Valley	Dec 2000	No	Dec 2000
Peru: Yanacocha-01/Cajamarca	Dec 2000	Yes	Nov 2003
Jordan: Jordan Gateway Projects Co-02/Bet Shean Valley	Jan 2001	Yes	Jan 2005
Peru: Yanacocha-02/Cajamarca	Mar 2001	Yes	Mar 2006
Nigeria: Niger Delta Contractor Revolving Credit Facility-01/Niger Delta	Jun 2001	Yes	Jan 2005
Uganda: Bujagali-02/Bujagali Falls	Jun 2001	Yes	Jan 2005 ^b
FY2002			
Uganda: Bujagali-03/Canada	Jul 2001	Yes	Jan 2005
Tanzania: Bulyanhulu Project-01/Kankola	Jan 2002	Yes	Jan 2005
India: Chemplast-01/Cuddalore District	Jun 2002	Yes	Jan 2005
FY2003			
Chile: Empresa Electrica Pangué S.A.-02/ Upper Bio-Bio Watershed	Jul 2002	Yes	Feb 2006
Bolivia: Comsur V-01/Bosque Chiquitano	Jun 2003	Yes	Nov 2003 ^a
FY2004			
Zambia: Konkola Copper Mines Plc (KCM)-01/ Ming'omba and Kawama	Jul 2003	Yes	Jan 2005
Georgia: BTC Pipeline-01/Switzerland	Dec 2003	No	Dec 2003
Georgia: BTC Pipeline-02/Rustavi	Mar 2004	Yes	Apr 2004



OMBUDSMAN (109)			
Complaints	Date complaint received	Eligible for assessment?	Open or date closed
FY2004 (continued)			
Georgia: BTC Pipeline-03/Switzerland	Mar 2004	No	Apr 2004
Georgia: BTC Pipeline-04/Switzerland	May 2004	No	May 2004
Georgia: BTC Pipeline-05/Rustavi City	May 2004	No	Jun 2004
Georgia: BTC Pipeline-06/Bashkovi	May 2004	Yes	Feb 2005
Georgia: BTC Pipeline-07/Dgvari	May 2004	Yes	Feb 2005
Georgia: BTC Pipeline-08/Sagrasheni	May 2004	Yes	Feb 2006
Georgia: BTC Pipeline-09/Tetritskaro	May 2004	Yes	Feb 2005
Georgia: BTC Pipeline-10/Tetritskaro	May 2004	Yes	Jan 2007
Georgia: BTC Pipeline-11/Tsikisjvari	May 2004	Yes	Jun 2006
Georgia: BTC Pipeline-12/Tba, Tsemi, Sadgeri	May 2004	Yes	Jan 2005
FY2005			
Georgia: BTC Pipeline-13/Tsalka	Jul 2004	Yes	May 2005
Georgia: BTC Pipeline-14/Vale	Aug 2004	Yes	Dec 2005
Kazakhstan: Lukoil Overseas-01/Berezovka	Sep 2004	Yes	Aug 2006 ^a
India: AD Hydro Power Limited-01/Himachal Pradesh	Oct 2004	Yes	Mar 2008
Botswana: Kalahari Diamond-01/Kalahari	Nov 2004	Yes	Jun 2006
Georgia: BTC Pipeline-15/Tetritskaro	Dec 2004	Yes	Feb 2006
Georgia: BTC Pipeline-16/Tetritskaro	Dec 2004	Yes	Feb 2006
Georgia: BTC Pipeline-17/Tadzrisi	Dec 2004	Yes	Jan 2007
Georgia: BTC Pipeline-18/Tetritskaro	Dec 2004	Yes	Feb 2006
Indonesia: Megaplast	Jan 2005	No	Feb 2005 ^b
Guatemala: Marlin-01/Sipacapa	Jan 2005	Yes	May 2006
Argentina: Holding Intergas S.A.	Mar 2005	No	Mar 2005 ^b
Georgia: BTC Pipeline-19/Atskuri	Apr 2005	Yes	Feb 2006
Georgia: BTC Pipeline-20/Atskuri	Apr 2005	Yes	Feb 2006
Romania: BCR	May 2005	No	May 2005 ^b

OMBUDSMAN (109)

Complaints	Date complaint received	Eligible for assessment?	Open or date closed
FY2005 (continued)			
Turkey: BTC Pipeline-21/Posof	Jun 2005	Complaint withdrawn	Jul 2005
Georgia: BTC Pipeline-22/Tsemi	Jun 2005	Yes	Jan 2007
Georgia: BTC Pipeline 23/Tsemi	Jun 2005	Yes	Aug 2006
Peru: Compañía Minera Antamina S.A.-02/Huarmey	Jun 2005	Yes	May 2006
FY2006			
Yemen: Aden Free Zone Development	Jul 2005	No	Jul 2005 ^b
Georgia: BTC Pipeline-24/Vale	Aug 2005	No	Sep 2005
Georgia: BTC Pipeline-25/Vale	Aug 2005	No	Sep 2005
India: AD Hydro Power Limited-02/Jagat Sukh	Aug 2005	No	Sep 2005
India: Ramky-01/Gummidipoondi	Aug 2005	No	Oct 2005
India: Ramky-02/Mumbai	Sep 2005	No	Oct 2005
Uruguay: Celulosas de M'Bopicua (CMB) & Orion-01/Argentina and Uruguay	Sep 2005	Yes	Nov 2005 ^a
Russian Federation: DeltaCredit Bank	Oct 2005	No	Oct 2005 ^b
Georgia: BTC Pipeline-26/Krtsanisi	Dec 2005	Yes	June 2006 ^a
Pakistan: DG Khan-01/Kahoon	Dec 2005	No	Jan 2006
South Africa: African Bank	Dec 2005	No	Jan 2006 ^b
Belize: NOVA Companies (Belize) Ltd. and Ambergris Aquaculture Ltd.-01/ Ladyville	Jan 2006	No	Jan 2006
Peru: Yanacocha-03/Cajamarca Dept.	Mar 2006	Yes	Aug 2006
Kenya: AEF Lesiolo Grain Handlers Limited-01/Nakuru	Apr 2006	No	Apr 2006
Southeast Asia: Gender Discrimination	May 2006	No	May 2006 ^b
Georgia: BTC Pipeline-27/Tbilisi	Jun 2006	Yes	Sept 2006 ^a
India: Atul Ltd.-01/ Gujarat	Jun 2006	Yes	Jun 2007
Argentina: Cencosud	Jun 2006	No	Jul 2006 ^b



OMBUDSMAN (109)			
Complaints	Date complaint received	Eligible for assessment?	Open or date closed
FY2007			
Argentina: Los Gigantes-Dioxitek	Jul 2006	No	Aug 2006 ^b
Turkey: BTC Pipeline-28/Adana & Ceyhan	Jul 2006	Yes	Feb 2007
Argentina: GEF Streetlight	Jul 2006	No	Aug 2006 ^b
Georgia: BTC Pipeline-29/Tsalka	Jun 2006	Yes	Jul 2007
United States: Microfinance Investment Vehicles	Oct 2006	No	Oct 2006 ^b
India: Mahindra Farm Services-01/Confidential	Oct 2006	Yes	Mar 2008 ^a
India: Mahindra Farm Services-02/Confidential	Oct 2006	Yes	Mar 2008 ^a
Ghana: Kayogbo Youth Club	Oct 2006	No	Nov 2006 ^b
Netherlands: ABCI Investments	Jan 2007	No	Jan 2007 ^b
Peru: Tecnosul-01/Ica	Nov 2006	No	Jan 2007
Ethiopia: National Land Claims	Feb 2007	No	Feb 2007 ^b
India: Mahindra Farm Services-03/Confidential	Feb 2007	Yes	Mar 2008 ^a
India: Mahindra Farm Services-04/Confidential	Mar 2007	Yes	Mar 2008 ^a
Kazakhstan: Lukoil Overseas-02/Berezovka	Apr 2007	Yes	Nov 2007 ^a
Middle East: GAL	May 2007	No	Jul 2007 ^b
FY2008			
Indonesia: Wilmar-01/West Kalimantan	Jul 2007	Yes	Open ^a
Brazil: Globalbix	Aug 2007	No	Sept 2007 ^b
Georgia: BTC Pipeline-30/Vale	Aug 2007	Yes	Open
South Asia: Pakistan Banking	Sep 2007	No	Oct 2007 ^b
India: Ramky-03/ Gummidipoondi	Oct 2007	Yes	Mar 2008 ^a
Russian Federation: Russky Mir II-01/Taman	Oct 2007	Yes	Jun 2008 ^a
Bangladesh: IFC/BICF Employment	Dec 2007	No	Feb 2008 ^b
Ecuador: Interagua-01/Guayaquil	Jan 2008	Yes	Open
Papua New Guinea: Digicel	Jan 2008	No	Jan 2008 ^b
Russian Federation: Russky Mir II-02/Taman	Feb 2008	Yes	Aug 2008 ^a

OMBUDSMAN (109)

Complaints	Date complaint received	Eligible for assessment?	Open or date closed
FY2008 (continued)			
Kenya: Pan African Paper-01/Webuye	Feb 2008	Yes	Open
Georgia: BTC Pipeline-31/Naokhrebi	Feb 2008	Yes	Jun 2008 ^a
Bolivia: Sinchi Wayra (formerly COMSUR)	Mar 2008	No	May 2008 ^b
Nicaragua: Nicaragua Sugar Estate Limited-01/ León and Chichigalpa	Mar 2008	Yes	Open
Costa Rica: Alterra	May 2008	No	May 2008 ^b
Kazakhstan: Lukoil Overseas-03/Berezovka	May 2008	Yes	Apr 2009 ^a
Peru: Compañía Minera Antamina S.A.-03/Huarmey	Jun 2008	No	Jun 2008
Zambia: Konkola Copper Mines Plc (KCM)-02/Kawama	Jun 2008	No	Jun 2008
Philippines: Ambuklao-Binga Hydroelectric Power-01/Binga	Jun 2008	Yes	Open
FY2009			
Bangladesh: RAK Ceramics	Aug 2008	No	Sep 2008 ^b
Turkey: Standard Profil-II-01/Duzce	Sep 2008	Yes	Open
Georgia: BTC Pipeline-32/Vale (5)	Sep 2008	Yes	Open
Russian Federation: Ruskkiy Mir II-03	Sep 2008	Yes	Open
Chile: Empresa Electrica Pangué S.A.-03/Mulchen	Oct 2008	No	Oct 2008
Turkey: Assan Aluminium-01/Dilovasi	Sep 2008	Yes	Open
Indonesia: Wilmar-02/Sumatra	Dec 2008	Yes	Open
Egypt: Makka Leasing	Mar 2009	No	Mar 2009
Serbia: Gemax & Lemna	Mar 2009	No	Mar 2009 ^b
India: Crompton	May 2009	No	May 2009
Peru: Agrokasa-01/Ica	June 2009	Yes	Open

^a CAO Ombudsman transferred the case to CAO Compliance.

^b CAO assessed and handled those issues raised by the complainant that dealt with IFC. However, the complainant also raised issues outside of the CAO's mandate. The CAO referred these issues to other relevant parts of the World Bank Group.



COMPLIANCE (19)			
Cases	Date complaint received	Merits an audit/review?	Open or date closed
FY2000			
No audit requests	n.a.	n.a.	n.a.
FY2001			
Peru: Compañía Minera Antamina-01/Huarmey	Sep 2000	Yes	Jan 2005
FY2002			
No audit requests	n.a.	n.a.	n.a.
FY2003			
No audit requests	n.a.	n.a.	n.a.
FY2004			
Bolivia: Comsur V-01/Bosque Chiquitano	Nov 2003	Yes	Jul 2004
FY2005			
Brazil: Amaggi Expansion-01/IFC Executive Vice President Request	Nov 2004	Yes	Jun 2005
FY2006			
Democratic Republic of Congo: Anvil Mining Congo, SARL-01/World Bank President Request	Jul 2005	Yes	Feb 2006
Uruguay: Celulosas de M'Bopicia (CMB) & Orion-01/Argentina and Uruguay	Nov 2005	Yes	Mar 2006
Georgia: BTC Pipeline-26/Krtsanisi	Jun 2006	No	Apr 2007
FY2007			
Kazakhstan: Lukoil Overseas-01/Berezovka	Aug 2006	Yes	Apr 2009
Georgia: BTC Pipeline-27/Tbilisi	Sep 2006	No	Apr 2007

COMPLIANCE (19)

Cases	Date complaint received	Merits an audit/review?	Open or date closed
FY2008			
Kazakhstan: Lukoil Overseas-02/Berezovka	Nov 2007	No	Jan 2008
India: Mahindra Farm Services-01/Confidential	Mar 2008	No	Jun 2008
India: Mahindra Farm Services-02/Confidential	Mar 2008	No	Jun 2008
India: Mahindra Farm Services-03/Confidential	Mar 2008	No	Jun 2008
India: Mahindra Farm Services-04/Confidential	Mar 2008	No	Jun 2008
Indonesia: Wilmar-01/West Kalimantan	Mar 2008	Yes	Open
India: Ramky-03/ Gummidipoondi	Mar 2008	No	Jun 2008
Georgia: BTC Pipeline-31/Naokhrebi	Jun 2008	No	Nov 2008
Russian Federation: Russkiy Mir II-01/Taman	Jun 2008	TBD	Open
FY2009			
Russian Federation: Russkiy Mir II-02/Taman	Aug 2008	TBD	Open
Kazakhstan: Lukoil Overseas-03/Berezovka	Apr 2009	TBD	Open

n.a not applicable

TBD to be determined



Further Information about the CAO

The CAO aims for maximum disclosure of its reports, findings, and processes through reporting on its Web site. All other public documents, including past CAO Operational Guidelines, Annual Reports, and Advisory Notes, are available in hard copy and online. The CAO Operational Guidelines are available in seven official languages of the World Bank Group. Additional resources on how to file a complaint, including a model letter, are available in additional languages on the CAO Web site. For more information, see www.cao-ombudsman.org

How to File a Complaint

Complaints should be submitted in writing and may be presented in any language. The CAO will attempt to respond in the language of the complaint. Complaints should be sent by mail/post, fax, or e-mail or delivered to the Office of the CAO in Washington, DC. The CAO will keep the identity of complainants confidential if requested, but anonymous complaints will not be accepted. Material may also be submitted on a confidential basis to support a complaint and will not be released without the consent of the party/parties that submitted it.

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Ceremony for the Ambuklao-Binga agreement, Ibaloi indigenous community, the Philippines/CAO

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