

A large, intricate line art illustration in black outlines covers the entire page. It depicts a diverse crowd of people in various poses and activities. In the upper left, there are abstract, flowing shapes that resemble stylized figures or perhaps a map. In the lower right, a person is shown playing a trumpet. The overall style is minimalist and modern, using only black lines on a yellow background.

**Compliance Advisor Ombudsman (CAO)**  
*Annual Report 2012*

**Independent Accountability Mechanism for the  
International Finance Corporation (IFC) and the  
Multilateral Investment Guarantee Agency (MIGA)**

## ABOUT THE CAO

The Office of the Compliance Advisor Ombudsman is the independent accountability and recourse mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the private sector arms of the World Bank Group. The CAO addresses complaints from people affected by IFC and MIGA projects with the goal of improving social and environmental outcomes on the ground and fostering greater public accountability of IFC and MIGA. The CAO reports directly to the World Bank Group President.

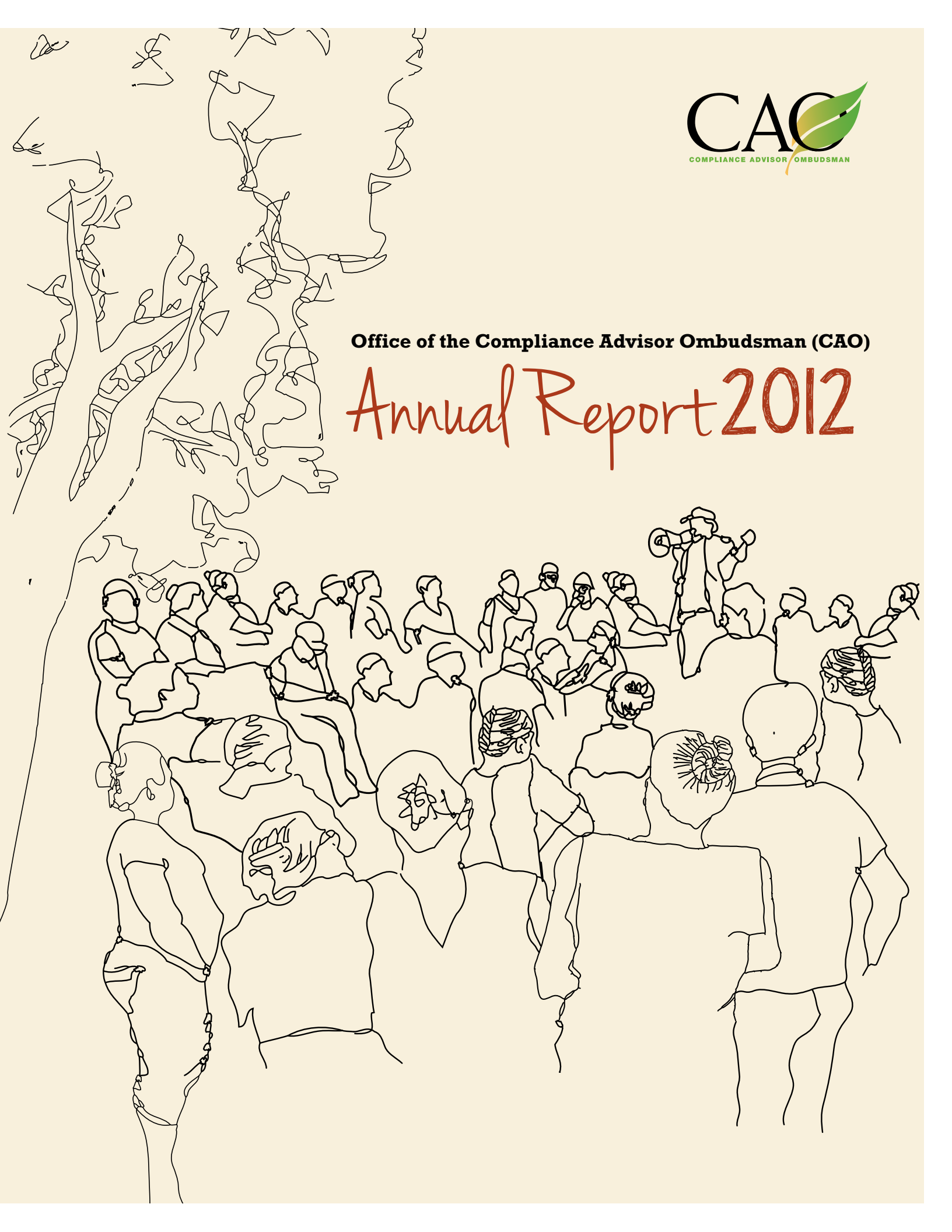
For more information about the CAO, please visit [www.cao-ombudsman.org](http://www.cao-ombudsman.org)

Cover illustration: Community members gather at the Plantón, Chichigalpa, Nicaragua, May 2012.



**Office of the Compliance Advisor Ombudsman (CAO)**

# Annual Report 2012





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# Our Mission

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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.

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# Foreword from the World Bank Group President

As the world's premier development institution, the World Bank Group bears a responsibility to set the very highest standards. Best intentions are not good enough. We must match rhetoric with outcomes.

Accountability is the measure of our commitment to meeting these high standards. It means compliance with social, environmental, and governance standards and norms. It means learning from our successes and failures; working hard to address our shortcomings; and drawing on the Bank Group's experience and expertise to improve our performance where it is needed most. Above all, it means listening and learning from all those in the development chain: local communities, Indigenous Peoples, civil society organizations, workers and their unions, company managers, government agents, and other financiers, as well as our own staff. We can achieve the most when we harness knowledge broadly, learn from it, and apply it in innovative ways.

The Compliance Advisor Ombudsman (CAO) is an essential part of this work. As the independent recourse mechanism for the World Bank Group's private sector arms, the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), the CAO acts as an early warning system, alerting us to when best intentions may not be delivering desired results. As such, it brings practical meaning to the notion of social and environmental accountability. Reporting to the Office of the President, the CAO provides a direct channel for communities affected by our private sector activities to voice their concerns at the highest levels, so the Bank Group may address critical performance questions, and hear and act upon social and environmental concerns.

The CAO is a small team of 12 staff in Washington, DC, connected to a global network of mediators, technical specialists, and advisors. With experience in all regions and sectors where IFC and MIGA do business, the CAO increases accountability through each of its three complementary roles: Ombudsman, Compliance and Advisor.


In its Ombudsman role, the CAO addressed 26 cases this year in 17 countries. In Nicaragua, the CAO is facilitating a dialogue process between local leaders and a major sugar producer to address critical livelihood and healthcare needs affecting 2,000 people. In Chad and Cameroon, the CAO is working with tens of thousands of villagers to find solutions to complex concerns about a major oil pipeline project. In Colombia, Mexico, and Turkey, the CAO is addressing labor disputes related to employment rights, benefits, fair treatment, freedom of association, and collective bargaining. These examples illustrate how the CAO helps communities and companies find joint solutions to address immediate concerns while simultaneously building long-term skills to negotiate future problems as they arise.

The CAO's Compliance work provides public assurance about IFC's and MIGA's social and environmental performance, and has led both institutions to make fundamental improvements to the way they work. This year, CAO analyzed the full sweep of IFC's financial sector portfolio, auditing 188 investments. The CAO appraised 11 IFC projects in the extractives, power, infrastructure, and agribusiness sectors this year and one MIGA project in the mining sector. Of these, four of the cases were successfully closed, while one—an electricity privatization project in Kosovo—is now being audited by the CAO. The CAO is also monitoring IFC's response to two audits in the agribusiness sector, to ensure that the findings are fully implemented.

The CAO's Advisory work, drawn from case experience, continues to draw interest both within the Bank Group and increasingly in the broader private sector. Currently, the CAO is carrying out deeper analysis of its 12-year caseload. Early findings indicate that environmental issues are the dominant concern, cited in 65 percent of all cases. Community engagement is also an important issue, cited in just over half of all cases, especially where resources are scarce and there is uncertainty about how a project will benefit the community. Looking forward, this tells us we need greater focus on closing implementation gaps, improving the quality of community consultation, and ensuring that intended beneficiaries have a meaningful stake in the World Bank Group's projects.

Today, the CAO is busier than at any time in its history. This is an indication of the increasing complexity of the development landscape, population growth, and greater demands on natural resources. It is also an indication of the growing global demand for approaches to accountability that are results-driven, create value for the public and private sectors, and deliver concrete results to local stakeholders. Many international financial institutions, governments, industry groups, and peace building institutions are now looking to the CAO as an international benchmark for independent accountability and recourse in the private sector. This is evidence that people have real confidence in the CAO's services, the tangible outcomes they produce, and the World Bank Group's commitment to improving its performance.

I am delighted to introduce this report on the CAO's annual activities, and I want to thank the CAO, and all those who work with them, for their hard work and commitment this year.

A handwritten signature in black ink, appearing to read 'Jim Yong Kim', with a large, stylized flourish at the end.

Jim Yong Kim  
President  
September 2012



# Message from the Compliance Advisor Ombudsman

It has been two decades since the principle of citizen-driven accountability led to the establishment of independent accountability mechanisms to give greater voice and rights of recourse to people affected by development projects. In the 12 years since our founding, the CAO has seen its body of work grow steadily, and this year we have handled more cases than ever before.

What is most notable and challenging for the CAO is the increasing complexity of these cases, and multiple layers of conflict that we are seeing in and around the communities that seek our help. When I speak of complexities, I refer to the layers of issues and competing interests that face communities, private sector operators, and local and national governments.

As complainants raise concerns about land acquisition and resettlement of people, land use and licensing, and water use, the state is becoming a larger presence in our work. We have engaged governments and worked with them diligently where their participation has been required. We anticipate that an increasing number of CAO cases will involve government as a key stakeholder, especially as the pattern of conflict over natural resources becomes more evident globally. This is reflected in some of the sectors that dominate complaints to the CAO—extractives, infrastructure, and agribusiness—all of which typically have large physical footprints and use resources on which communities also depend for their livelihoods.

We speak often about community participation in projects, community-driven outcomes, and community-driven accountability in various forums to ensure that these issues are part of the discussions that take place about the business of development. After 12 years of work, we find that socioeconomic issues are dominant concerns for communities in 75 percent of complaints to the CAO, along

with concerns about access to information, consultation, and due diligence at the project level. Many communities that host private sector development activities continue to tell us that, in their experience, the upside benefits of these projects remain elusive to locally affected people, who often feel they bear the downsides instead.

This underlines the reason why the main focus of the CAO's work is on delivering outcomes for local communities. While CAO interventions may be small on the scale of development challenges, our dispute resolution work creates opportunities for companies and communities to come together to address often intractable issues at the level of the project and generate tangible benefits for affected people. While focused on local solutions, these processes may also shine light on issues that warrant attention at the national or regional level. The CAO's work in Nicaragua is an excellent example of this. As a result of the CAO dispute resolution process, a public health issue affecting workers in several industries is now being looked at by international actors, while immediate needs of community members who are sick are being addressed at the local level with the proactive involvement of the IFC client.

To achieve sustainable outcomes through a CAO process, we must focus on building the capacity of communities. This is a long-term investment. Each community has its own governance structure; sometimes, it is flawed, but more often it is strong and wise. The CAO's direct access to affected communities is therefore essential so we can help build on existing methods for addressing disputes, create greater capacity to engage with external parties, and help level power imbalances. This ensures that, when a CAO dispute resolution process comes to an end, the community is more resilient and equipped to handle future problems as they arise. Civil society organizations, the private sector, and government representatives are essential partners in

this work. In the 17 countries where the CAO Ombudsman has engaged affected people this year, building capacity has been a constant goal in our work.

As the business activities of IFC and MIGA become more diverse, the CAO has faced new challenges in remaining accessible and providing oversight and grievance redress in certain sectors. Specifically, in cases where IFC/MIGA provide services directly to governments and through financial intermediaries, the leverage of IFC/MIGA—and the CAO—is less direct, and the complexity involved in convening key stakeholders is that much greater.

This brings me to a large piece of work that has focused the efforts of CAO's compliance team this year: an audit of IFC's financial sector investments. Many external stakeholders have raised their concerns to IFC and to the CAO about what they feel is the opaque nature of financial markets investments, and concerns about the due diligence and potential impacts on people. The challenging scope of this work required a strong and competent panel of experts working with the CAO. It also required the cooperation of IFC, and I am appreciative of the leadership given by James Scriven, Director of Global Financial Markets at IFC. We expect the final audit report and IFC's official response to be shared with the President for clearance later in 2012.

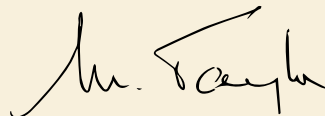
CAO Compliance, generally, has had a busy year. The number of compliance cases has increased, and we have staffed up the compliance team. While some of these cases have resulted in an audit of IFC/MIGA, others have not. Such decisions are the result of measured judgment by the compliance team and may not always be to the satisfaction of advocacy groups and civil society interested in a particular case. I believe that our process is rigorous and the CAO is diligent in its appraisals.

We take all feedback very seriously and that is why monitoring and evaluation of the CAO's performance continues to be an integral feature in our work. We value constructive criticism from complainants, civil society, IFC/MIGA clients, and staff involved in a case. This feedback is put to good use and informs improvements to our processes, such as the current update of our Operational Guidelines, which is addressing recommendations from recent external reviews of the CAO's effectiveness.

In terms of the CAO's broader community of influence, we have seen a notable increase in demand for knowledge sharing from the public and private sectors. This year, the CAO responded to requests for sharing experiences from the governments of Canada, Denmark, Germany, the Netherlands, and the United States, as well as the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP). The CAO is now increasing its capacity to bring on board a specialist to lead our advisory work to share lessons learned from the CAO's work more systematically.

As we start a new financial year, I would like to welcome the new President of the World Bank Group, Jim Yong Kim, and the new Executive Vice President of IFC, Jin-Yong Cai. Our work and productive outcomes depend on the support of the President and an understanding by the leadership of IFC and MIGA of the CAO's role as part of the governance structure of both institutions. I look forward to the CAO engaging constructively with IFC and MIGA to serve both affected communities and each respective institution with the overall goal of improving development outcomes on the ground.

In closing, my thanks goes out to the many people we have worked with this past year. My thanks to civil society organizations for the honest debates and for continuing to ask tough questions. My thanks to the private sector entities that have seen the merit in our work and trusted us to provide a neutral place to manage conflict. My thanks to those within IFC and MIGA who see the value in community-driven accountability and the opportunity this presents to make projects better. My sincere thanks to our Strategic Advisors, and great gratitude to my colleagues who make our work meaningful. And to those individuals and communities who have sought the CAO's assistance—thank you for your trust. Lastly, to our dear friend and colleague Rosemary, who passed away this year after a protracted illness, our deepest thanks for your steadfast dedication to the CAO and the energy and warmth you brought to us and those we work with. You are greatly missed.



Meg Taylor  
Vice President  
September 2012



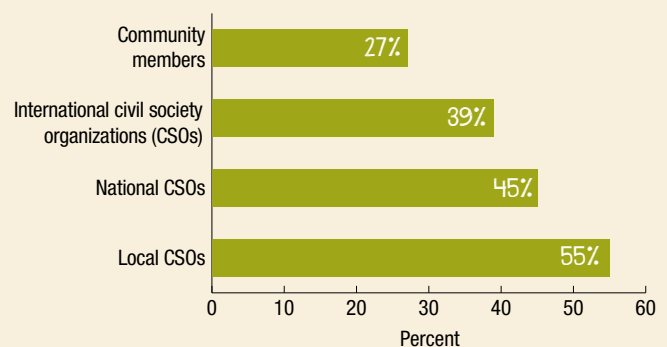


Community representatives attend meeting with the CAO during an assessment trip, Uganda, February 2012.

The CAO was active in all three roles during the year, handling more complaints and requests for audits than at any time in the CAO's 12-year history. The CAO addressed a total of 33 cases of which 19 were carried over from 2011 and 14 were new cases in 2012. All 14 relate to IFC projects. Five complaints received in 2012 were deemed ineligible. Details of these cases are provided in the Summary of CAO Cases, pp. 32–67.

Fifty-five percent of 2012 cases involved local civil society organizations and 27 percent were filed by individuals or community members without the assistance of other organizations (see figure 1). Cases were distributed globally, with the majority relating to projects in Latin America (34 percent) followed by Africa (24 percent) and East Asia (21 percent) (see figure 2). The cases were in a variety of sectors, including extractive industries, agribusiness, infrastructure, education, the financial sector, and Advisory Services to government (see figure 3).

**Figure 1. Signatories to Complaints, FY2012**

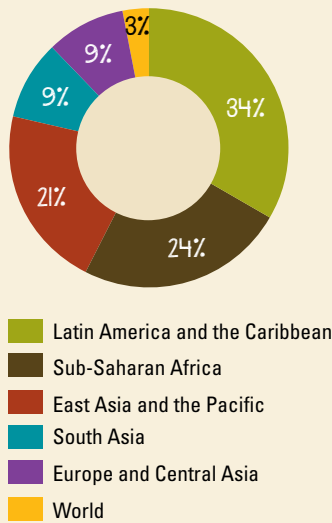


Source: CAO compilations.

Note: All complaints to the CAO involve local community members. In some cases, international, national, or local CSOs file the complaint on behalf of local community members. Percentages add up to more than 100 percent because some complaints are filed by more than one type of signatory.

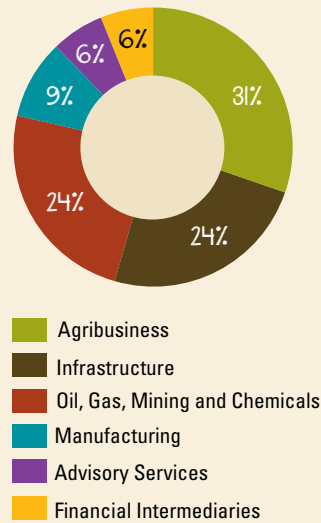


**Figure 2. CAO Cases by Region, FY2012**



Source: CAO compilations.  
 Note: The CAO's compliance work related to financial intermediary projects is counted as one project. The "world" category relates to compliance casework that spans two or more regions.

**Figure 3. CAO Cases by Sector, FY2012**

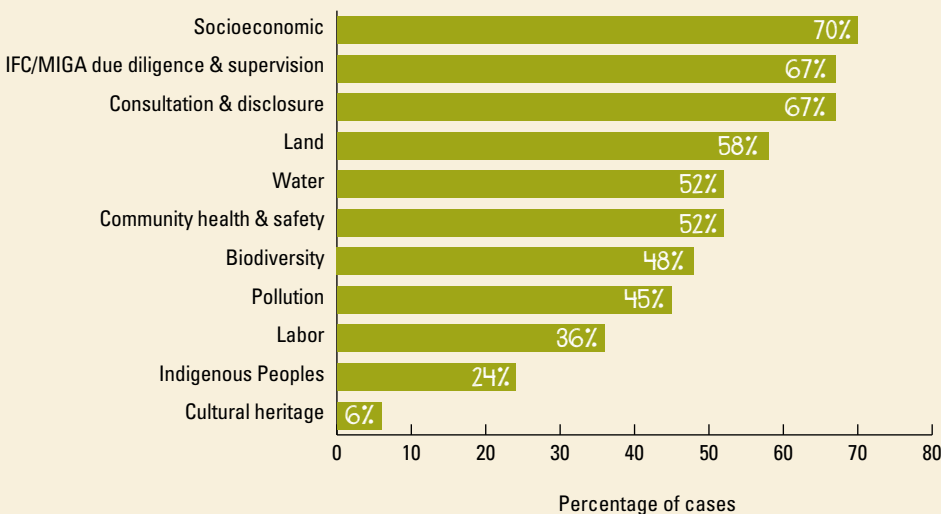


Source: CAO compilations.  
 Note: The CAO's compliance work related to financial intermediary projects is counted as one project.

Core issues raised in letters of complaint included appropriation of land, displacement, and land rights; socioeconomic issues, such as loss of livelihoods and compensation; community consultation and information disclosure; environmental planning, community health and safety, and pollution; labor standards related to freedom of association, collective bargaining, and working conditions;

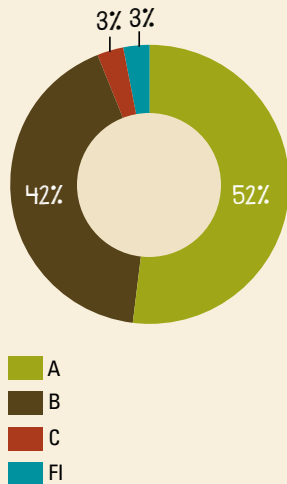
and Indigenous Peoples' rights (see figure 4). IFC projects are assigned a category of A, B, or C in descending order of environmental and social sensitivity, or FI, in the case of financial institutions. In 2012, a total of 94 percent of cases related to category A and B projects—52 percent and 42 percent, respectively (see figure 5).

**Figure 4. Issues Cited in Complaints to the CAO, FY2012**



Source: CAO compilations.  
 Note: Percentages add up to more than 100 percent because some complaints involve more than one type of issue.

**Figure 5. CAO Cases by Environmental Category, FY2012**

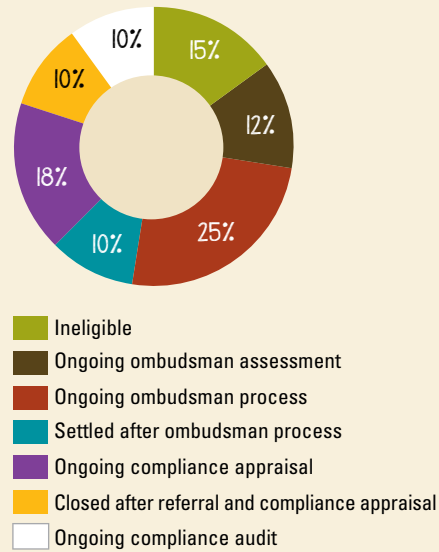


Source: CAO compilations.  
 Category A: Significant adverse environmental and/or social impacts that are diverse, irreversible, or unprecedented  
 Category B: Limited adverse environmental and/or social impacts that can be readily addressed through mitigation measures  
 Category C: Minimal or no adverse impacts, including certain financial intermediary (FI) projects  
 Category FI: Investments in FIs that may finance subprojects with potential environmental and/or social impacts

The CAO's **ombudsman** team handled 26 cases during the year. Two cases were brought to settlement and closed: a complaint from landowners in Georgia affected by the Baku-Tbilisi-Ceyhan Pipeline; and a complaint about labor relations of a Turkish manufacturer. Of three cases related to oil palm plantations in Indonesia, settlement for one complaint is being monitored; and one complaint was closed with outstanding issues being addressed as part of the dispute resolution process for the third complaint. Settlement for a case in Nicaragua is in monitoring. Another eight cases are in dispute resolution and five cases are undergoing assessment. Seven cases were transferred to CAO Compliance for appraisal (see figure 6 and pp. 15–22).

The CAO's **compliance** team handled 15 cases in FY12. Four cases are subject to a full audit investigation of IFC: IFC's investments in the financial sector; advice regarding electricity privatization in Kosovo; investments in oil palm in Indonesia; and agribusiness in Peru. The latter two are in monitoring. The financial sector investigation covers 188 IFC investments, selected after the CAO appraised 844 IFC financial intermediary (FI) investments. The CAO closed four other cases after compliance appraisal with no further action. Seven appraisals are currently in process (see figure 6 and pp. 23–27).

**Figure 6. Status of CAO Cases, FY2012**



Source: CAO compilations.

The CAO has been carrying out deeper analysis of its caseload under its **Advisory** function. Currently, we are analyzing a sample of complaints processed under the CAO's current Operational Guidelines between 2007 and 2011 to gather insights. This analysis will continue into 2013 (see p. 28).



Chadian children come to listen, CAO community meeting, Chad, March 2012.



CAO meeting with informal tourism workers affected by the Bujagali hydropower project, Uganda.

The CAO continues to track the effectiveness of its work using a **monitoring and evaluation** tool to gather feedback from stakeholders involved in CAO cases, as well as formally tracking how IFC/MIGA takes action in response to issues raised by the CAO. A summary of three years of monitoring findings is discussed on p. 14.

The CAO has conducted **outreach** to core stakeholders during the year, including civil society, IFC/MIGA staff and clients, and the broader private sector. In addition, the CAO has responded to increasing requests for advice from public and private sector institutions to share the CAO's experience and methodologies with respect to corporate-community dispute resolution and compliance oversight (see pp. 29–31).



CAO staff puts a "Bonfim" charm on a board member of ASOCHIVIDA, Nicaragua, June 2012.





Community member from Madang Province, Papua New Guinea, where the CAO is mediating a case regarding a marine industrial zone.

## Who We Are

The CAO was established in 1999 as the independent accountability and recourse mechanism for the private sector lending and insurance arms of the World Bank Group—the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). Reporting directly to the World Bank Group President, the CAO is mandated to address complaints from communities affected by IFC/MIGA projects with the goal of improving social and environmental outcomes of those projects on the ground and fostering greater public accountability of IFC and MIGA.

The CAO meets its mandate through three outcomes driven roles—professional dispute resolution, compliance oversight, and independent advice (see figure 7). Through these roles, the CAO seeks redress for community grievances and provides public assurance that systemic weaknesses in IFC/MIGA project performance are identified and addressed.

The head of the CAO is appointed after an independent selection process led by civil society and industry leaders. The CAO staff is a diverse team of professionals from the public and private sectors, with backgrounds in alternative dispute resolution, law, engineering, finance, communications, and

research (see pp. 85–88). The CAO also works with numerous mediators and technical specialists around the world with proven track records in their fields, and meets regularly with a team of international strategic advisors to guide its work and provide quality control (see p. 89).

## How We Work

The CAO's three roles provide a robust framework for addressing social and environmental concerns related to IFC/MIGA projects:

**Ombudsman:** The CAO Ombudsman makes an initial assessment of the complaint and gauges whether it is possible to address the issues raised through a collaborative process with the parties involved. If the parties agree to work together to find a way of addressing issues, the Ombudsman uses flexible, problem-solving approaches common to alternative dispute resolution (ADR) (see p. 17). The CAO monitors implementation of actions and agreements reached. If parties or issues are not amenable to dispute resolution, the case is transferred automatically to CAO Compliance to appraise whether there are any remaining issues related to IFC's/MIGA's performance (see pp. 15–22).

**Compliance:** CAO Compliance oversees appraisals and audits to assess IFC's/MIGA's compliance with environmental and social policies, guidelines, procedures, and systems. CAO's compliance role is triggered when a case is transferred from the Ombudsman. It may also be initiated at the discretion of the CAO Vice President, or at the request of the World Bank Group President or IFC/MIGA senior management (see pp. 23–27).

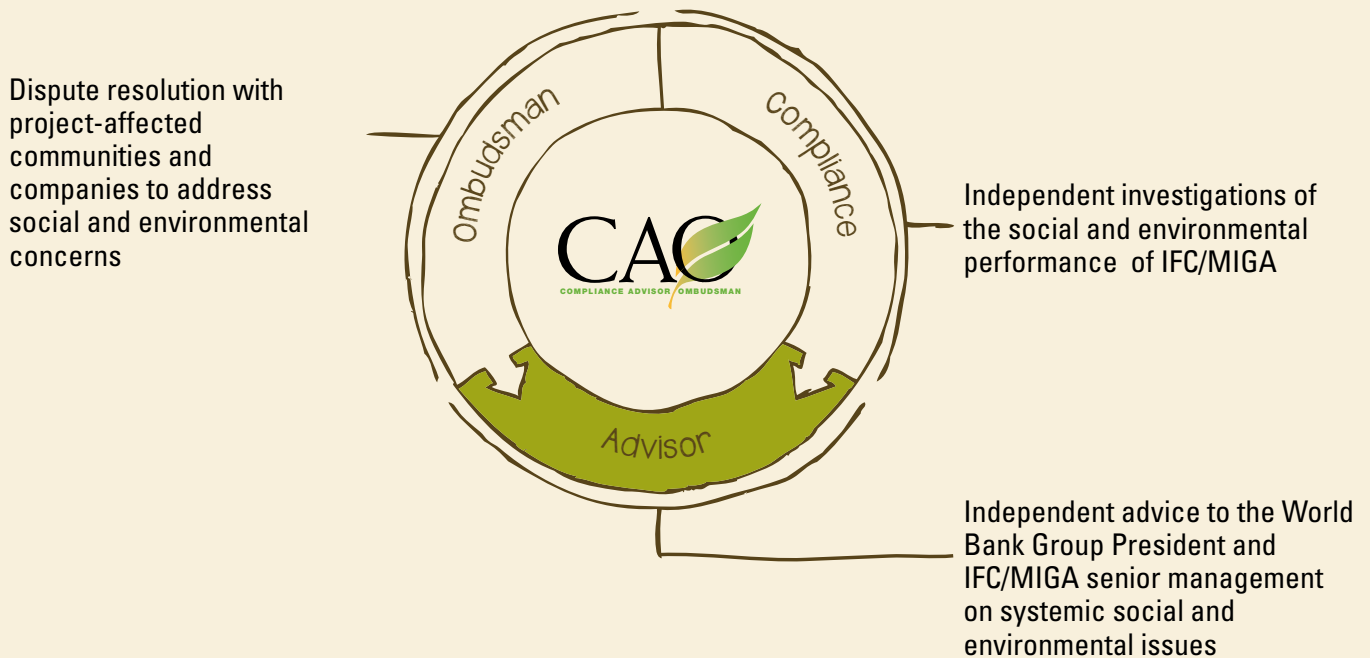
**Advisory:** In its advisory capacity, the CAO provides guidance to the President and IFC/MIGA senior management on broader environmental and social issues related to policy implementation, sectoral risks, emerging trends, and procedural concerns, among other considerations. All advice is drawn from the CAO's experience through its casework and is offered with the overall goal of improving IFC/MIGA performance in a systemic way (see p. 28).

CAO reports related to its ombudsman, compliance, and advisory work are available on the Web at [www.cao-ombudsman.org](http://www.cao-ombudsman.org), along with the CAO Operational Guidelines in seven languages, which articulate in detail how these three roles interact (see box 1).



President of ASOCHIVIDA speaks to community members at the Plantón, Chichigalpa, Nicaragua, May 2012.

**Figure 7. The CAO's Results-Driven Approach**



# Filing a Complaint

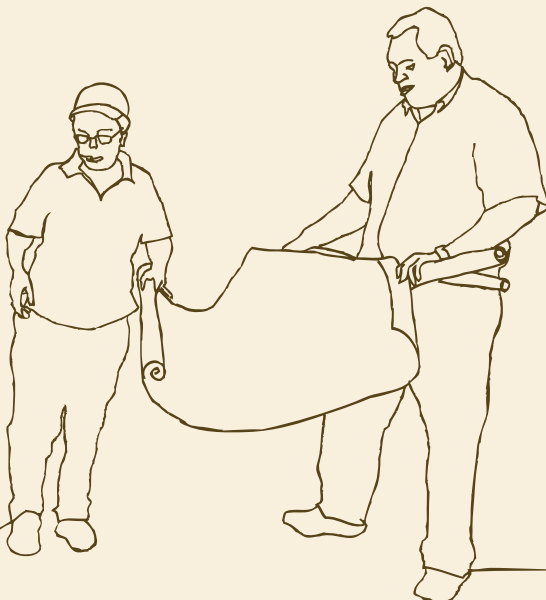
The CAO has three simple eligibility criteria for accepting a complaint:

1. Complaints may be filed by any individual, group, or community directly affected by an IFC/MIGA project, or filed on behalf of those affected by an organization representing their interests.
2. The complaint must pertain to social and environmental concerns, in line with CAO's mandate.
3. The complaint can relate to any project(s) IFC/MIGA is participating in, or actively considering.

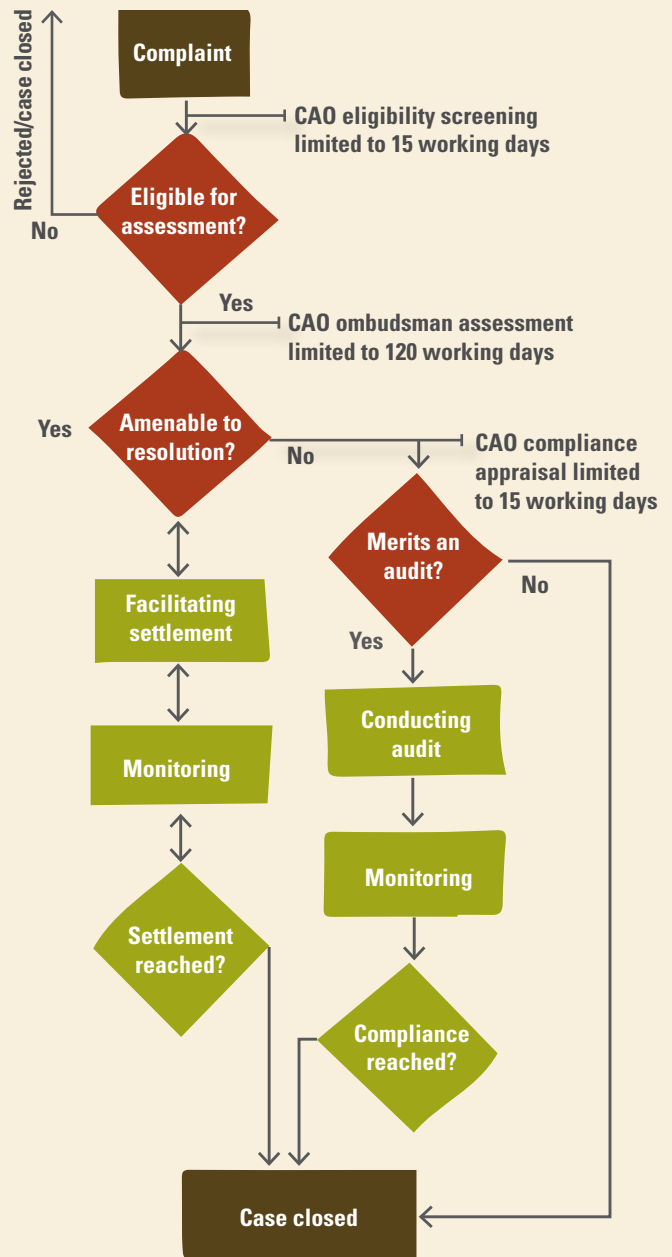
When screening a complaint for eligibility, the CAO does not make a judgment about the merits of the issues raised in the complaint, and complainants are not required to provide documentary evidence to support their claims. If a complaint is accepted, the CAO team conducts a thorough field assessment to meet with the complainants and other local parties to get a better understanding of the issues, gather additional information, and help the parties determine what options may be explored through the CAO's involvement.

The CAO is not mandated to address complaints related to fraud and corruption, which should be directed to the World Bank Group's Integrity Vice Presidency, [www.worldbank.org/investigations](http://www.worldbank.org/investigations). Complaints regarding World Bank public sector projects financed by IBRD/IDA should be directed to the World Bank's Inspection Panel, [www.inspectionpanel.org](http://www.inspectionpanel.org).

The CAO's complaint handling process is presented in figure 8.



**Figure 8. The CAO's Process for Handling a Complaint**



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



## BOX 1. CAO OPERATIONAL GUIDELINES UPDATE, 2012

### Constant Cycle of Analysis and Performance Improvements

The Operational Guidelines provide a framework that articulates how the CAO carries out its different roles. The original Guidelines were drafted in 2000, just after the CAO was established, and were the product of a wide-ranging consultation process, including civil society, the private sector, and IFC/MIGA.

Since that time, the CAO has initiated periodic effectiveness reviews—in 2003, 2006, and 2010—that have focused on three main questions: Is the CAO delivering on its mandate? What are the areas for improvement? What are the CAO's strengths? Each review was conducted by an independent panel of experts, and recommendations were implemented through subsequent updates to the CAO Operational Guidelines—in 2004, 2007, and now in 2012.

Each update has been subject to public consultation and comments from stakeholders, including civil society, private sector, and IFC/MIGA staff. The CAO's current update has also taken into account recommendations from a 2011 review conducted by the Board Committee on Governance and Administrative Matters (COGAM) of the World Bank Group's five independent oversight units.

### Responding to Changing Dynamics: 2012 Update

Current updates focus on greater clarity of language, streamlining the interaction between the CAO's three roles, clarity about who and how the CAO engages parties involved in the process, and ensuring that the Guidelines are aligned with the CAO's original Terms of Reference. In June 2012, the CAO released the draft updated Operational Guidelines for a 60-day public comment and consultation period. Comments and feedback from complainants, civil society, and IFC/MIGA staff and clients will be taken into account as the CAO finalizes the Guidelines during 2012. The fourth version of the CAO Operational Guidelines is expected to be implemented in early 2013.



CAO staff with Jinja District local government representatives near the Bujagali hydropower project in Uganda.



CAO mediator with children at a CAO community meeting, Chad, March 2012.

## Monitoring the CAO's Effectiveness

### MONITORING AND EVALUATION (M&E) OF CAO CASES

To ensure that the CAO's interventions are achieving effective outcomes for affected communities, we gather feedback from key stakeholders at each step of the CAO's handling of a case. Our monitoring and evaluation (M&E) system, piloted in 2009, provides a valuable tool through which the CAO can gain insights about both the strengths and shortcomings in our work.

To date, the CAO has conducted M&E surveys of 27 cases in 20 countries, covering a range of sectors, including agribusiness, infrastructure, extractive industries, manufacturing, and various financial intermediary (FI) and non-investment projects. The CAO designed the surveys to gain feedback from complainants, IFC/MIGA clients, IFC/MIGA staff, and NGOs involved in a case. To learn about our findings related to the performance of the CAO Ombudsman, see p. 20, and for CAO Compliance, see p. 27.

### TRACKING IFC/MIGA ACTIONS IN RESPONSE TO THE CAO'S WORK

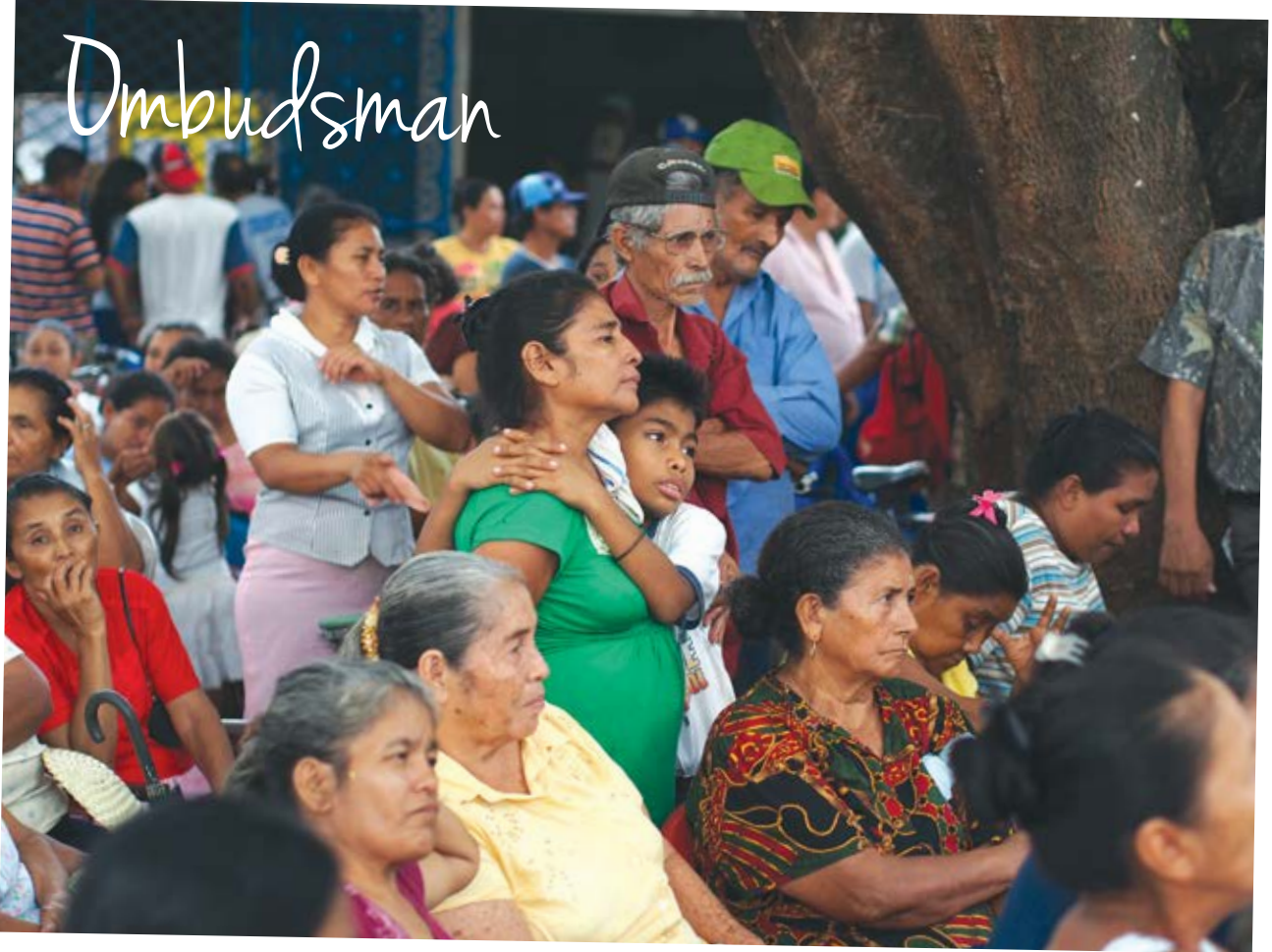
The CAO's Management Action Tracking Record (MATR) tracks the actions of IFC/MIGA senior management in response to every CAO ombudsman and compliance case, as well as to CAO Advisory Notes.

The MATR was implemented at the request of the World Bank Group Board's Committee on Development Effectiveness (CODE). It has resulted in IFC and MIGA better institutionalizing their responses to the CAO's work, improving IFC/MIGA knowledge about CAO cases, and becoming more responsive in terms of follow-up actions. The establishment of formalized procedures has enhanced the efficiency and integrity of the CAO's interactions with both institutions.

The CAO reports quarterly briefs on its work to the President, and provides an annual update to CODE. The CAO also meets quarterly with IFC's Corporate Risk Committee to raise systemic issues that the CAO is observing in its cases. Through these channels, the CAO has raised current concerns such as large-scale displacement as a result of allocation of land for private sector investment, compliance with IFC's Performance Standard 2 on Labor and Working Conditions, and IFC's development performance through financial intermediaries, among other issues.



# Ombudsman



Community members meeting at the “Plantón”, Chichigalpa, Nicaragua, May 2012.

In its Ombudsman role, the CAO’s work focuses on building frameworks that help communities and companies jointly resolve concerns in a practical and effective way. The CAO does not make a judgment about the merits of a complaint, nor does it find fault or impose solutions as arbiter or judge. Rather, the design of the process is flexible; it aims to address specific issues that have contributed to conflict and help the parties identify practical steps to resolve the issues together.

CAO ombudsman specialists are trained in alternative dispute resolution and have expertise in conflict assessment and management, and multiparty facilitation (see pp. 17–18). Typically, when embarking on a new case, the CAO Ombudsman will develop a team that actively

engages the services of local and regional partners as mediators and facilitators. This allows the CAO to provide a much more scalable and decentralized response, and provides a means to respond to an ever increasing caseload.

The CAO team helps the parties decide what tools may best help resolve the dispute, monitors implementation of any actions and agreements reached, and closes the case once all these items have been implemented. When the parties or issues are not amenable to resolution and the CAO Ombudsman is unable to break the impasse, the case is transferred to CAO Compliance to ascertain whether there are any outstanding concerns regarding IFC/MIGA performance (see pp. 23–27).



Community members attend meeting with the CAO team, Chad, March 2012.



CAO meeting with community members in Madang, Papua New Guinea.



CAO meeting with community members in Limon, Panama during assessment of a complaint related to the Panama Canal expansion project.

## Ombudsman Case Outcomes, FY2012

The CAO Ombudsman handled a large caseload this year, resulting in settlements and important breakthroughs in a number of cases.

**26** complaints were handled, relating to projects in Cambodia, Cameroon, Chad, Colombia (2), Georgia, India (2), Indonesia (3), the Republic of Kosovo, Mexico, Mozambique, Nicaragua, Panama, Papua New Guinea, Peru (2), the Philippines, Turkey, Uganda(4), and the Africa region.

**5** of these cases are still in assessment

**9** cases are in ongoing dispute resolution.

**3** cases were closed:

**Georgia:** A complaint from two landowners regarding the BTC oil pipeline was settled (see p. 49).

**Indonesia:** A complaint from Sumatra regarding impacts of palm oil plantations on communities was partially settled, with outstanding issues being addressed as part of a third related case (see pp. 45–46).

**Turkey:** A labor complaint related to worker rights at an auto parts manufacturing plant was settled (see p. 51).

Settlements for **2** cases are being monitored:

A case in the sugar industry in Nicaragua concerning community health issues (see pp. 57–58); and another case related to palm oil in West Kalimantan, Indonesia (see pp. 43–44).

**7** cases were transferred for compliance appraisal:

1 case each from Colombia, India, the Republic of Kosovo, Mozambique, Panama, Peru, and the Philippines.

For descriptions, see Summary of CAO Cases, 2012, pp. 32–67.



## What is Alternative Dispute Resolution (ADR)?

Alternative Dispute Resolution (ADR) broadly refers to a variety of means by which parties can settle disputes outside the traditional court system. ADR offers a range of different tried and tested processes and techniques through which parties can engage voluntarily with one another to jointly address areas of concern and reach mutually agreeable solutions. In many approaches ADR involves the presence of a neutral third party, or mediator, who acts to facilitate and support the resolution process in a way that empowers stakeholders to make confident and informed decisions that best suit their needs (see box 2).

### CONTEXT

ADR has been recognized within the judicial context for some time as a non-adversarial alternative to traditional litigation, strengthening judicial reform processes and increasing access to justice to individual citizens. In recent years, the process has found a place in the private sector, and is being used increasingly by companies and nongovernmental institutions. Within this context, alternative dispute resolution can assist institutions in resolving complex operational issues, as well as generating innovative ideas that improve corporate citizenship and contribute significantly to enhancing commercial and investment practices.

### THE CAO'S APPROACH

The CAO has been at the forefront of pioneering ADR with companies and communities in private sector development. In its professional dispute resolution work, the CAO has made significant contributions toward enhancing the responsiveness of companies to address citizens concerns in their area of influence, while improving the due diligence and public accountability of IFC and MIGA. Through its dispute resolution work, the CAO helps parties build robust and flexible frameworks that empower affected people to engage directly with project operators to address environmental and social issues and work together toward practical, effective, and mutually agreeable outcomes. The CAO strives to catalyze locally driven solutions that take into account existing local governance structures and customary methods of resolving disputes. Ultimately, the goal is to structure a process that is responsive to the parties' needs. To do this, the CAO employs a flexible range of dispute resolution "tools" to help transform what are sometimes deeply held grievances at the project level.



CAO mediator works with ASOCHIVIDA board members as they sign the Closure Agreement for the dialogue process, Nicaragua, June 2012.

## BOX 2. THE ROLE OF A MEDIATOR

Mediators are the backbone of the CAO's dispute resolution work. They act as third-party neutrals to the conflict and work to help the parties find agreement on ways to address their concerns. They bring language and cultural skills that are essential to build trust and promote dialogue. They can also be available more frequently to the parties as the demands of dialogue and mediation evolve in each case.

The main responsibility of a mediator is to help create structured processes that empower parties to make decisions that they believe best meet their interests. These decisions should be made after the parties have had access to relevant information, equal opportunities to participate, and freedom to decide. If the parties do come to an agreement, it will not represent a breakthrough in the conflict unless it is implemented properly. Thus, the CAO makes provisions for monitoring implementation of all agreements made.

Mediators work hard to earn the trust of the parties. Training in communication, negotiation, and process design helps. But typically, the parties will value mediators the most who show a genuine interest in understanding their interests and have an ability to empathize with their situation.

A well-structured process helps build trust. But sometimes deep-rooted and long-held patterns of mistrust cannot be transformed in a short space of time. The asymmetries that sometimes lie at the heart of conflicts can make local solutions elusive. This helps explain why some CAO cases take months, and others require years. A typical CAO mediated process is summarized in figure 9.

In recognition of the increasing demand for its dispute resolution services, the CAO is now exploring options for increasing its network of in-country mediators and providing certification training for those who work with the CAO.



CAO team meets with community representatives in Uganda, February 2012.

# Figure 9. How a Typical Mediation Works





## Monitoring and Evaluation: What We Have Learned about Our Ombudsman Work

Monitoring and evaluation (M&E) surveys provide valuable learning about parties' experiences with working with the CAO Ombudsman. The CAO has gathered feedback about 27 cases since March 2010 from complainants, IFC/MIGA clients, IFC/MIGA project teams, and NGOs involved in filing complaints. Parties who chose to engage in a dispute resolution process did so because they wanted to resolve specific issues on the ground, or because they believe in dialogue as a way to resolve a dispute. Some parties see it as an opportunity to improve long-term relationships with other local stakeholders, while others value the neutrality and impartiality that the CAO can provide. Overall, 62 percent of survey respondents would recommend a dispute resolution process to others in a similar situation.

Over 85 percent of survey respondents found that the CAO fairly balanced information from all interests during assessment of the complaint and that the CAO's suggestions about how to proceed reflected a clear understanding of the issues raised. Over 70 percent found that all the parties generally did not have difficulty participating in the process. However, just over 50 percent found the assessment phase took longer than the CAO's 120 working day guideline.

The surveys show that dispute resolution helps build mutual understanding between the parties, but certain gaps remain. For example, 65 percent of respondents felt that through the dispute resolution process the company now fully understands the issues of importance to the complainants; however, only a quarter of respondents felt that the complainants fully understand the issues of importance to the company. In addition, 50 percent said there was necessary information available to all participating parties to enable them to make well-informed decisions during the process, but over 40 percent said that the quality of information could be improved.

In terms of settlement, over half (53 percent) of respondents said that the most important issues to the complainant were addressed in agreements reached through dialogue, including roles and responsibilities for implementation. Additionally, over 50 percent believed agreements reached have sufficient flexibility to sustain future changes in underlying conditions. However, over one-third disagreed that resources for implementation and provisions for monitoring were adequate, and over 40 percent did not think that agreements reached included conditions under which the parties would reconvene in future.

The CAO is taking all this learning into consideration for its 2012 update of the Operational Guidelines (see p. 13).



CAO meeting with affected community members, Papua New Guinea.

## Building the Capacity of Communities

Building the capacity of communities is one of the elements required to achieve sustainable outcomes. Working directly with the affected community enables us to understand the different interests of community members, understand how decisions are traditionally made, and what methods already exist for resolving disputes. Where there is a need, the CAO also works with communities to build their capacity to participate actively and effectively in a CAO dispute resolution process.

Building this capacity is a long-term investment. Our aim is to empower communities to represent their own interests directly in interactions with the CAO, the company, and other stakeholders and ensure they are at the forefront of decisions that affect them. Civil society organizations (CSOs) have an important role in this effort by working with affected people to raise issues with the CAO in the first instance, and supporting them during the CAO process. Some CSOs have challenged the CAO's practice of asking communities to represent themselves in a dialogue process, as representation is considered a norm in other forums, such as the judicial system. The CAO's approach is in line with common mediation practice where mediators work directly with affected parties to address their interests. Fundamentally, we have found that communities all over the world are able to speak for themselves, and when they do, they come out of the process stronger and better able to look after their interests once the CAO process is concluded.

Communities also need proactive and open partners for engagement—specifically the private sector and local and national governments. Capacity building may be required for these parties as well to guarantee their full and capable engagement in a CAO dispute resolution process. This is at the heart of achieving solid outcomes.

**Cameroon:** In a case in Cameroon, before a dialogue process began, the CAO helped lay the groundwork for parties to engage on issues related to an oil pipeline project by organizing separate training workshops for the community, company, and NGOs. This training was important for the parties to understand one another's interests and different roles, as well as how the design and flow of the dialogue process would work. For the community members especially, the training built their confidence in having an equal voice at the table, and built their skills to participate in mediating individual cases (see Chad-Cameroon Pipeline-02, p. 36).



CAO team in discussions with a community member affected by the Chad-Cameroon oil pipeline, Cameroon.

**Indonesia:** A CAO dispute resolution process in Indonesia is taking place with the involvement of both the district and provincial governments, and we are engaging all the parties in capacity building activities to strengthen their ability to engage in the process (see Wilmar Group 03/Jambi, p. 46).

Sometimes the parties are not ready to engage in dispute resolution, but there are still opportunities for the CAO to help lay the groundwork for the parties to engage at a later stage. In another case in Indonesia, the CAO organized two separate workshops, one for community members and one for company and government representatives, which focused on building communication and negotiation skills in the context of natural resource conflict, including how culture and tradition play a role in dispute resolution. In this way, the CAO helped to build the capacity of parties to prevent, manage and resolve potential disputes in the future (see PT Weda Bay Nickel-01/Weda Bay, p. 42).



CAO dispute resolution workshop, Indonesia, October 2011.





Staff at ASOCHIVIDA headquarters working to ensure food aid is allocated correctly to 2,000 affected community members, Chichigalpa, Nicaragua, June 2012.



The CAO team, ASOCHIVIDA board and a NGO representative visit a poultry facility from which profits will be transferred directly to ASOCHIVIDA, Nicaragua, June 2012.

**Nicaragua:** The CAO's capacity building efforts are acutely demonstrated by our work in Nicaragua. There we have focused on building robust local institutions and structures that have enabled the community and company to address urgent needs emerging from a major public health crisis. Initial capacity building workshops on dispute resolution were followed by a "framework agreement," which provided predictability for the parties by mapping out the goals of the process and defining their roles. This was complemented by bilateral meetings and one-on-one coaching by the CAO for NGO and community representatives. These bilaterals enabled the community representatives to identify, prioritize, and articulate the needs they wanted addressed through the dialogue process. Technical experts were then brought

in by the CAO to provide targeted intervention on specific issues, such as medical needs and income generation projects. After four years, the association representing the community, ASOCHIVIDA, has a strong board of directors that represent over 2,000 former sugarcane workers and their families, with a local office, dedicated staff and a balance sheet to sustain the organization. ASOCHIVIDA has built a productive relationship with the company management of Nicaragua Sugar Estates to address ongoing issues as a result of the CAO dialogue process—a relationship built on mutual respect that reflects a long-term commitment on both sides to work together to build a sustainable community (see Nicaragua Sugar Estates Limited-01/León and Chinandega, pp. 57–58).



NSEL managing director at the CAO dialogue table, Nicaragua, June 2012.



ASOCHIVIDA board member signs Closure Agreement, Nicaragua, June 2012.



# Compliance



CAO consultant with community members and an NGO representative, San Lucas, Panama.

In its compliance role, the CAO oversees appraisals and audits of IFC/MIGA to examine how the two institutions assure themselves that they have met their environmental and social commitments. Compliance appraisals and audits focus on the actions of IFC and MIGA—not the IFC/MIGA private sector client. In addition to cases transferred from CAO Ombudsman, compliance appraisals may be initiated by the CAO Vice President, or requested by the World Bank Group President or IFC/MIGA senior management. Cases triggered in this way typically involve serious security or safety concerns, or raise environmental and social performance issues not likely to be addressed through a complaint.

All compliance cases first undergo an appraisal to provide initial verification of IFC's/MIGA's compliance with environmental and social policies, guidelines, procedures, and systems. Outcomes of the appraisal determine whether or not an audit is appropriate. When appraising a case, the CAO holds discussions with IFC/MIGA project teams, and

reviews project documents as well as the issues raised in the complaint (see box 3.)

If an audit is merited, it is typically conducted by an independent panel of experts and builds on the work already conducted at appraisal. The audit focuses specifically on whether environmental and social project outcomes are consistent with, or contrary to, the desired effect of IFC/MIGA provisions. The process may also include interviews with complainants and other local stakeholders, as well as site visits if needed to observe project activities and outcomes. The CAO maintains flexibility to consider other inputs, as appropriate. Verification of the evidence is an important part of the process.

If IFC/MIGA is found to be out of compliance, the CAO monitors remedial actions until assured that the audit findings have been addressed. (For more information about what an audit involves, see figure 10.) All CAO appraisal and audit reports are disclosed publicly.



CAO visit to the Panama Canal expansion project, Panama.



Oil derrick at the Maple Energy project site in the Peruvian Amazon.



PT Weda Bay project site, Indonesia.

## Compliance Case Outcomes, FY2012

This year, CAO's Compliance team handled more cases than any year previously, with a total of 15 cases, and conducted a major piece of work to provide oversight of IFC's financial sector portfolio.

CAO compliance handled **15** cases during the year:

14 related to IFC, and one to MIGA.

**7**

cases were appraised:

**Colombia:** An appraisal of IFC with regard to labor issues and the Colombian national airline, Avianca (p. 52).

**Honduras:** An appraisal initiated by the CAO Vice President due to land claims and armed confrontations concerning palm oil plantations related to an IFC client (p. 55).

**India:** Two appraisals—one appraisal of IFC related to a coal-fired power plant in Gujarat state (p. 65); and an appraisal of worker health and safety issues related to tea plantations in northern India, initiated by the CAO Vice President (p. 66).

**Mozambique:** An appraisal of IFC related to air quality and a six month bypass of air emission treatment equipment in an aluminum plant (p. 38).

**Panama:** An appraisal of IFC related to consequences of the expansion of the Panama Canal (p. 59).

**The Philippines:** An appraisal of IFC related to a mining project (p. 48).

**4**

cases were closed after appraisal, related to agribusiness in Ecuador (p. 54), mining in Indonesia (p. 42), hydropower in Panama (p. 60), and oil extraction in Peru (p. 62).

**1**

audit was initiated, concerning IFC advice on privatizing the electrical grid in the Republic of Kosovo (p. 50).

**2**

audits are being monitored:

**Indonesia:** CAO's 2009 audit of IFC's involvement in the oil palm sector (pp. 43–44).

**Peru:** CAO's audit of IFC investments in agribusiness in the Ica Valley (p. 61).

The CAO conducted an audit of **188** IFC financial intermediary investments (p. 67).

For descriptions, see Summary of CAO Cases, pp. 32–67.



### BOX 3. WHY APPRAISALS ARE A KEY STEP IN THE COMPLIANCE PROCESS

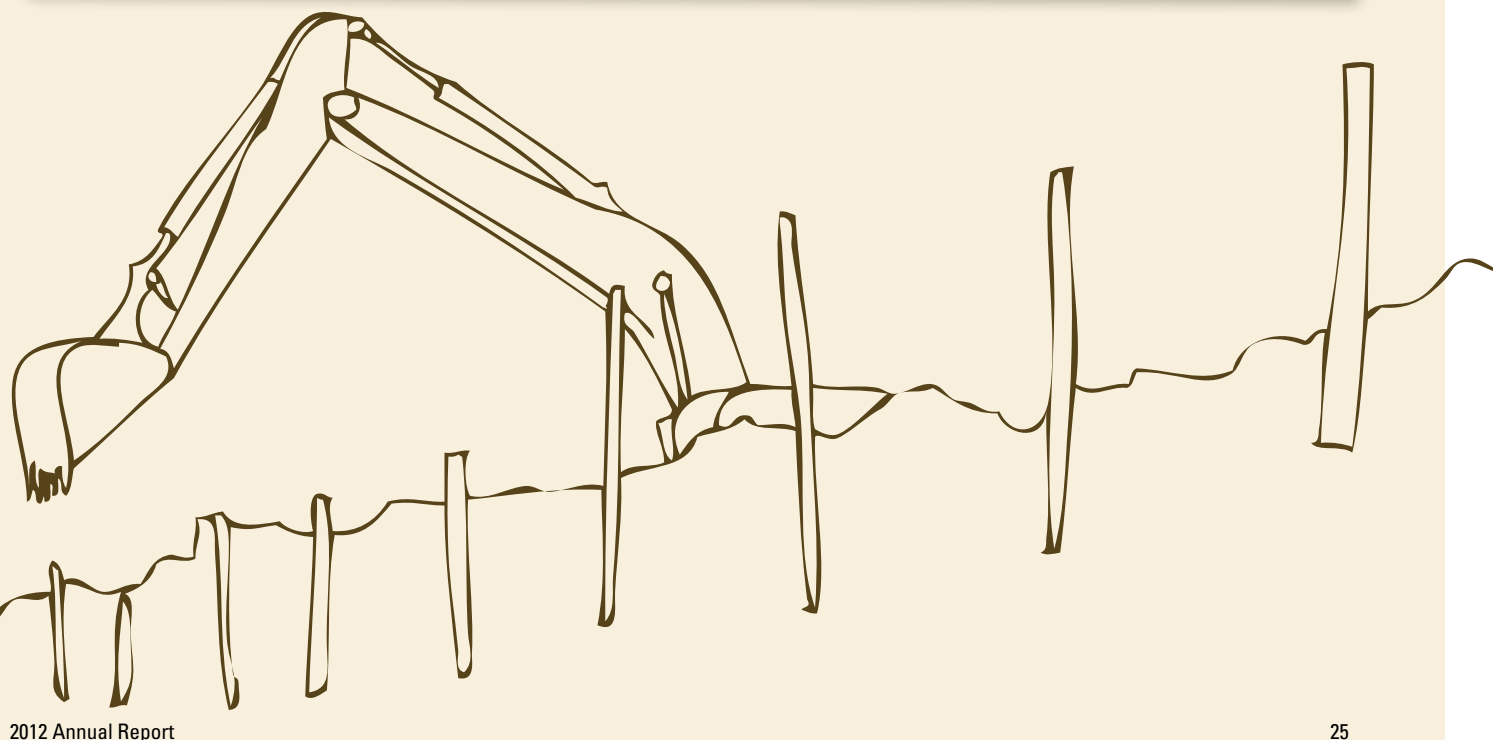
Because a CAO audit can require considerable staff time and budgetary resources, the CAO initiated a two-step compliance process in 2006. First, we appraise the case. Then, if the case merits further inquiry, we proceed to an audit.

The CAO adopted this process to ensure that compliance audits are initiated only for those projects that raise substantial concerns about environmental and social outcomes on the ground. The appraisal enables the CAO to consider the issues raised in a complaint against IFC's/MIGA's due diligence and can also provide early warning of emerging risks at the project level, sector level, or systemic level. While an appraisal might not always lead to an audit, it can provide timely insights into project performance. In some instances, an appraisal will identify discrepancies in how IFC or MIGA conducted its due diligence, but conclude that an audit would yield limited additional information. In such instances, we may close the case without proceeding to an audit.

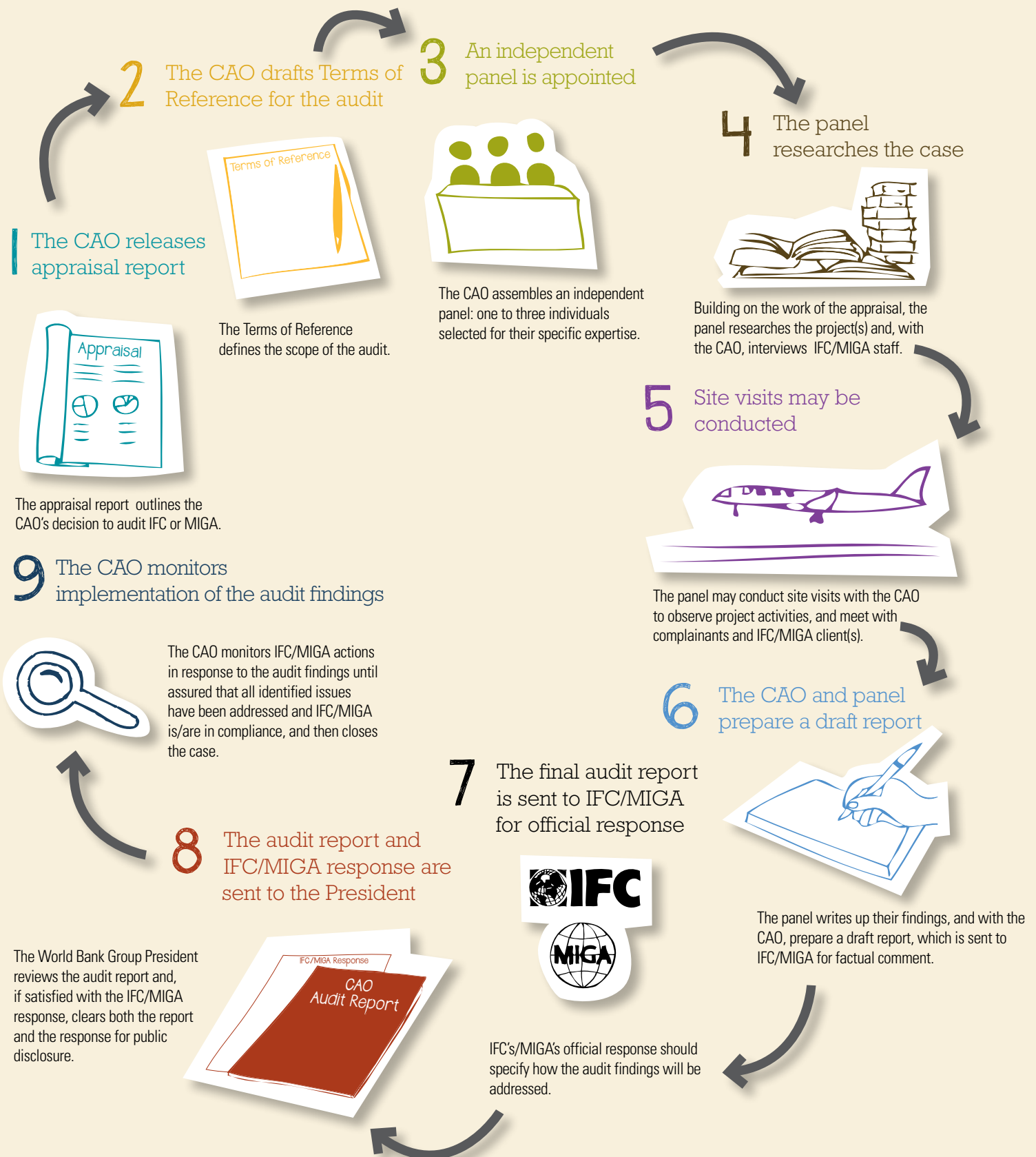
Time is also of the essence in conducting an audit. For CAO's compliance work to be constructive and of value to IFC and MIGA, post mortem investigations against old policy requirements that are no longer applicable may have limited impact unless there are lessons of ongoing importance to be learned.

The CAO's 2011 appraisal of Tullow Oil is an example where we issued an important finding related to IFC's practice but closed the case at appraisal. The case was initiated by the CAO Vice President following the Macondo (Deepwater Horizon) oil well blowout in the Gulf. The appraisal focused on IFC's investment in Tullow's deepwater offshore oil and gas development in Ghana. The CAO found nothing to indicate that IFC did not diligently review and assess the issues related to a potential well blowout in line with industry standards, guidelines, and practice that were applicable at that time. While the CAO noted that the inadequacies of international good business practice had been recognized globally after the Macondo incident, the appraisal concluded that IFC could not have been expected to go beyond existing industry practice.

The CAO reports on all appraisals and audits to the World Bank Group President, shares them with IFC/MIGA senior management, and discloses them publicly. In addition, the CAO meets with IFC's Corporate Risk Committee and the World Bank Group Board's Committee on Development Effectiveness (CODE). Through these avenues, the CAO is able to highlight systemic concerns it has flagged through its compliance work.



# Figure 10. What Is Involved in an Audit of IFC/MIGA?



## Monitoring and Evaluation: What We Have Learned about Our Compliance Work

Feedback from monitoring and evaluation surveys of cases handled by CAO Compliance since March 2010 indicates that the majority of stakeholders find information related to the compliance process both accessible and understandable. All cases surveyed had been transferred from the CAO Ombudsman and therefore captured feedback from IFC/MIGA staff, as well as the broader perspectives of complainants, IFC/MIGA clients, and NGOs involved in a case.

In evaluating the CAO's appraisal process, almost 70 percent of respondents found it to be procedurally fair. Responses were more mixed on the transparency and predictability

of the process: 54 percent found appraisals to be transparent and predictable, 23 percent found them partially so, and 23 percent not at all. CAO audits rated better, with 56 percent agreeing the process was partially transparent and predictable, and a further 33 percent fully agreeing. Almost 60 percent found the audit fully credible.

In terms of outcomes from two cases surveyed that went to a full audit, 60 percent of respondents said environmental and social issues on the ground have been partially addressed, and 20 percent said they were fully addressed as a result of the audit. More than 50 percent believe that the CAO's compliance work can change IFC/MIGA procedures and institutional behavior.

We are using this feedback to inform our current update of the CAO Operational Guidelines (see p. 13).



Community members en route to Limon, Panama.





Community members attend meeting with the CAO team, Chad, March 2012.

In its Advisory role, the CAO gathers insights from its cases to provide advice to the World Bank Group President and IFC/MIGA senior management about systemic environmental and social issues related to policy implementation, procedures and systems, and emerging trends. The goal of this advice is to improve the performance of both institutions.

Over the past year, we have monitored IFC's implementation of the CAO Advisory Note, Review of IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information. The Advisory Note informed IFC's update of its Sustainability Framework, which came into effect in January 2012. The focus of the CAO's Note, and the majority of its recommendations, concerned the quality of implementation of the Policy and Performance Standards at the project level. While the CAO recognizes that the IFC has begun to make efforts at addressing its implementation level recommendations, it is still too early to provide an analysis of the progress made by IFC.

Our Advisory Note also made specific recommendations regarding IFC's policies. IFC substantially implemented some of the CAO's recommendations in its new Sustainability Framework, particularly with respect to application of the standards to Advisory Services, the issue of migrant workers, and project-level information disclosures throughout the life of the project. We still see significant room for improvement concerning availability of information (both about the institution and its projects) for citizens who do not read English. In the coming year, the CAO will track the extent to which IFC has adopted our recommendations.

## An Analysis of the CAO's Caseload

Currently, we are conducting deeper analysis of the CAO's caseload, consisting of more than 100 eligible complaints in 12 years. Given the CAO's in-depth engagement with stakeholders through its work, this caseload contains significant data for analysis on such questions as the type of circumstances that can lead to conflict around development projects.

This year our analysis took an initial sample of 34 complaints received between 2007 and 2011 that were handled under the CAO's 2007 Operational Guidelines. The analysis revealed that since 2007, complaints relating to the infrastructure and agribusiness sectors have increased.

To gain a deeper understanding of core issues of concern to local parties, we analyzed ombudsman assessment reports, which are the result of in-depth engagement with the parties: typically, the IFC/MIGA private sector client and locally affected people. Environmental issues dominated parties' concerns in 65 percent of cases. In just over 50 percent of cases, parties identified community engagement as a core concern.

An initial look at cross-cutting issues revealed a high correlation between projects that raised concerns about scarce resources such as water and land, on the one hand, and the quality of community engagement and access to project benefits on the other. Future analysis will delve more deeply into the correlation between specific concerns, especially with regard to regions and sectors, and obtain a more granular understanding of the issues.



# Outreach

Civil society protests at the Rio+20 Summit, Rio de Janeiro, Brazil, June 2012.

The CAO has a proactive public outreach program aimed at raising awareness about our work and improving the CAO's accessibility to those who may need our services. An important part of these efforts involves sharing learning from our cases with IFC/MIGA staff and clients, and with the broader public and private sectors.

During the past year, the CAO conducted outreach to civil society and other stakeholders in East Asia, Latin America, Europe, Canada, and the United States. Highlights included keynote addresses in Bangkok and Sao Paulo, respectively, and a film launch featuring a CAO case in the Philippines (see box 4), among other engagements. The CAO also

hosted sessions at the World Bank-IMF Annual and Spring Meetings Civil Society Policy Forum, which were attended by civil society delegates from many countries.

CAO representatives traveled to Brazil in June to participate in the United Nations Conference on Sustainable Development (Rio+20), along with the independent accountability mechanisms (IAMS) of other international development institutions (see box 5). While in Brazil, the CAO Vice President, Meg Taylor, spoke at the Ethos Institute Global Conference in São Paulo, which was well received by Corporate Social Responsibility (CSR) professionals, private sector, and academia from around the world.



Demand for guidance on good practice dispute resolution methodologies has increased noticeably from both the public and private sectors. The CAO supports these requests where possible, including through engagement with the CAO's counterparts at other bilateral and multilateral agencies. This year, CAO staff were invited by the government of Canada's Office of the Extractive Sector CSR Counsellor to travel to Toronto for meetings with mining industry executives, Canadian civil society, and students. The CAO also received requests for information sharing from the U.S. OECD National Contact Point, and the governments of Denmark, Germany, and the Netherlands during the year. Other notable events included a keynote address at the Asia-Pacific Mediation Forum in Bangkok in December 2011 to global mediators, and the CAO's participation in a global

initiative, "Safe Communities, Resilient Systems: Towards a New Action Framework for Business and Peace Building," with the Geneva Peacebuilding Platform, which is ongoing.

In our outreach generally, we continue to see evidence among many stakeholders of a basic lack of knowledge and understanding about IFC and MIGA activities. This presents additional challenges for the CAO in raising awareness about our role, particularly among local civil society and communities affected by projects. We are increasing our efforts to reach out to stakeholders through easily accessible channels, such as social media; in particular, we launched a Facebook page this year. We are also exploring how to tailor the language and format of CAO materials more specifically to the needs of affected communities.

#### **BOX 4. BUILDING COMPANY-COMMUNITY DIALOGUE IN THE PHILIPPINES**

A short film featuring a CAO case in the Philippines that demonstrates the power of informed dialogue was launched in Manila in December 2011, and attracted representatives from government, the private sector, legal community, and academia. Produced by the Corporate Social Responsibility Initiative at Harvard's Kennedy School of Government, in collaboration with the United Nations Special Representative for Business and Human Rights, John Ruggie, the film was supported by the government of Norway, the International Bar Association, and the CAO.

The film tells the story of a dispute resolution process involving communities impacted by the construction of the Ambuklao and Binga hydropower dams in the Benguet Province of the Philippines. IFC's involvement in the privatization of the project brought the community's concerns to the CAO. The subsequent dialogue process facilitated by the CAO, with assistance from the Manila-based Conflict Resolution Group (CORE), conveys the process as experienced by those who participated—the Ibaloi community, company, and government representatives. The 30-minute film, *Making Monkey Business: Building Company/Community Dialogue in the Philippines*, can be viewed at [baseswiki.org](http://baseswiki.org).



CAO team with the parties involved in the Ambuklao-Binga case at a film launch in Manila, the Philippines, December 2011.



## BOX 5. CITIZEN-LED ACCOUNTABILITY FOR SUSTAINABLE DEVELOPMENT: THE CAO AT RIO+20

The formal contribution of the independent accountability mechanisms (IAMs) to the Rio+20 Summit in Rio de Janeiro in June 2012 was a report entitled Citizen-driven Accountability for Sustainable Development: Giving Affected People a Greater Voice—20 Years After. The report was joint collaboration between the Inspection Panel, the CAO, and the accountability mechanisms of the African Development Bank, Asian Development Bank, European Investment Bank, Inter-American Development Bank, and the U.S. Overseas Private Investment Corporation. The CAO contributed an environmental and social analysis of all the complaints that have been filed with the IAMs over time.

As part of the Summit activities, the IAMs held a symposium hosted by the Brazilian Academy of Sciences. The session generated discussion about the evolution of citizen-driven accountability in international development since the 1992 Earth Summit, which confirmed the importance of environmental justice, equal participation, and access to recourse for citizens. It was after the 1992 Earth Summit that the first IAM, the Inspection Panel, was established in 1993.

The IAMs were also invited by local civil society to learn about social and environmental projects in Rio's shanty towns (favelas), and attended other events convened by the United Nations, civil society, and the private sector.



IAM symposium at the Brazilian Academy of Sciences during the Rio+20 Summit, Brazil, June 2012.

# Summary Of CAO Cases, FY2012

## Trends and Themes in 2012 Cases



### LAND

Conflict over land has been an issue in almost 60 percent of CAO cases since 2007 (see figure 4). This relatively high percentage reflects the nature of land use in private sector projects in the areas of oil, gas and mineral extraction, infrastructure, and agribusiness, which commonly require large tracts of land and are resource-intensive. Conflict around these projects typically stems from land acquisition processes, resettlement or displacement of people, and lack of appropriate compensation for resources lost.

These types of conflicts reflect economic, cultural, and structural dimensions. Restricting community access to land, and the degradation caused by intensive development activities, may affect land productivity, interfere with traditional use patterns, or result in the loss of valuable natural assets on which people depend. Added to this is the cultural context in many countries, where the value attached to land may reach far beyond the financial, and be based instead on deep communal ties, cultural heritage, and identity. These are complex relationships with land that cannot be individually titled, monetized, or transferred easily. When national institutions do not fully reflect or respond to these complexities when allocating permits and licenses for private sector development, the result is often deep, intractable conflict between companies and host communities.

This year, the CAO has engaged with stakeholders on land-related issues with respect to resettlement around an infrastructure project in Cambodia; multiple small land claims along oil pipelines in Chad, Cameroon, and Georgia; land clearance and smallholder claims around palm oil plantations in Indonesia; large-scale displacement of people for forestry projects in Uganda; and ancestral land claims of Indigenous Peoples impacted by mining in the Philippines. What we have learned from cases like these is that there is no one model or approach that works. Opportunities do exist for addressing land disputes, but designing solutions requires an understanding of the complexities of land use, interests, and rights at the local, regional, and national levels.

In sectors where large-scale land impacts are likely, particularly in agribusiness, the CAO believes dispute resolution approaches—such as social mapping, livelihood needs assessments, joint land mapping, and participatory approaches when facts are in dispute—can help companies and communities explore joint solutions to address land issues in a culturally appropriate and sustainable way.

In Cambodia, where there were tensions related to land acquisition and compensation packages for affected households around an airport expansion project, the CAO is monitoring the resettlement process, which is being managed by a government body, and helping facilitate communications and problem-solving between the parties (see p. 41). In Indonesia, CAO cases in the palm oil sector illustrate the conflicts that can arise in protecting communal lands when permits for projects are granted by the state. In one case, the CAO is monitoring a settlement that enabled community access to communal lands and compensation from the company for land appropriated (see pp. 43–44). In another case, constructive dialogue and steps have been aided by the involvement of local government representatives in the CAO mediation process. In the Philippines, the CAO's intervention in a 60-year dispute about land expropriated for hydropower projects ultimately enabled use of the lands to be transferred back to community management and the importance of ancestral ties to be acknowledged by all the parties. This case was documented in a film short this year (see p. 30).

These examples show how collaborative processes can lead to constructive agreements over land and, in particular, deliver outcomes for affected communities. Opportunities exist for companies to take additional steps to build grievance mechanisms into project-level operations, and sector-level initiatives may help highlight systemic governance issues and provide additional avenues for stakeholders to address land disputes.



## THE ROLE OF GOVERNMENT

In an increasing number of CAO cases, government entities play an active role. In some cases, the project of concern may involve Advisory Services to government. One such example is a CAO case in the Republic of Kosovo, where IFC provided advice to the government on the privatization of its energy distribution and supply network (see p. 50). Another example relates to IFC's assistance to the government of Papua New Guinea in developing the legislative framework to establish Special Economic Zones (p. 47). Other examples involve government-managed processes related to land use and land acquisition, such as CAO cases in Cambodia (p. 41), India (p. 64), Indonesia (pp. 43–44), and Uganda (p. 39), where communities have raised concerns about displacement, consultation, and compensation, among other issues.

In still other CAO cases, national, regional, or local governments are involved directly as stakeholders because they have critical knowledge or expertise needed to solve the issues raised in the complaint. In one case (the third case regarding the operations of IFC's client Wilmar Group in

Indonesia, p. 46), local government entities partnered with the CAO to form a joint mediation team to assist communities and the company in resolving issues of mutual concern.

Just like for any other stakeholder, the participation of government entities in a CAO dispute resolution process is voluntary. In those cases where key government representatives have agreed to engage actively and constructively with a CAO process, the positive impact cannot be understated. At the same time, the involvement of multiple stakeholders—community, company, and government—makes CAO cases more complex. Our experience indicates that there is no “one size fits all” approach for these types of situations. Rather, careful consideration needs to be given to the role of each stakeholder and how each one can best be represented in the process. In cases where government cooperation may add value to a process, either as an active participant or as a necessary stakeholder in implementing solutions generated by the process, it is essential that the various government entities understand the CAO's role. To address this, the CAO is exploring how to develop appropriate protocols for engaging government in its cases.



## A RISE IN LABOR ISSUES

The CAO continues to see a rise in labor-related cases. This increase began after 2006, when IFC adopted Performance Standard 2 on Labor and Working Conditions. This standard introduced a more comprehensive set of labor commitments into IFC's policy framework, such as freedom of association, nondiscrimination, prohibition of forced and child labor, and occupational health and safety standards. During the last five years, labor concerns have been cited in 11 complaints to the CAO. Four of these complaints were received in FY2012.

As with other types of cases, those related to labor can pose particular challenges where the grievance reflects a larger systemic concern—for example, where national regulatory frameworks provide weak protections for labor rights. In this context, the CAO's ability to facilitate resolution to labor disputes can be limited. Despite these challenges, the CAO has worked to address a number of labor cases, with some notable results.

This year, we concluded our involvement in a case in Turkey, where labor unions raised concerns about workers' rights

to freedom of association at Standard Profil, an auto parts manufacturer and IFC client. Since 2008, we have helped the company and freely elected worker representatives engage in social dialogue to address workplace issues. The company has gone on to implement this approach in other plants in Turkey and in its global operations (see p. 51).

In Mexico, we are working with management of a chain of English language schools and teachers on a set of remedial actions to address workplace issues (see p. 56). In Uganda, the CAO is facilitating discussions between Bujagali dam construction workers and the project subcontractor to resolve individual cases regarding work-related injuries (see p. 40). CAO Compliance is assessing IFC's due diligence in two other labor-related cases. In Kosovo, possible layoffs and impacts on the workforce were key issues in a complaint to the CAO regarding IFC's involvement in the privatization of Prishtina's electricity distribution network (p. 50). In Colombia, workers at the national airline, Avianca, sought the CAO's support in addressing concerns regarding their rights to freedom of association and collective bargaining (see p. 52).





## FINANCIAL INTERMEDIARIES

The CAO Ombudsman is handling three complaints regarding IFC investments in financial intermediaries (FIs). One complaint relates to Kamalanga Energy Limited (GKEL), a green field coal-fired power plant in India's state of Odisha, which is financed by the India Infrastructure Fund, an IFC client (see p. 64). The complaint raises concerns about impacts on local communities in conjunction with questions about IFC's ability to manage environmental and social risks when investing through FIs.

The other two complaints regard the IFC-supported Agri-Vie Agribusiness Fund, a private equity fund that invested in New Forests Company (NFC), a UK-based forestry company with timber plantations in Uganda. The CAO received two complaints from affected communities in Uganda, supported

by Oxfam and Uganda Land Alliance, which claim forced evictions of thousands of people in the plantation areas (see p. 39). These cases highlight the challenges for the CAO in addressing large-scale displacement as a result of government allocation of land for private sector investment. These challenges are more pronounced in projects where IFC appears to have reduced leverage by investing in a third-party intermediary.

Given the increasing significance of FI investments as a share of IFC's overall portfolio (approximately 47 percent), the CAO Vice President initiated a compliance appraisal in April 2011 of IFC's FI investments to provide assurance of IFC's environmental and social performance in the sector. The CAO appraised 844 IFC FI investments and subsequently audited a sample of 188 investments. The audit report is expected for disclosure in the first half of FY13 (see p. 67).

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## Key

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.

Cases are arranged alphabetically by region, country, and date received.



IFC/MIGA due diligence and supervision



Pollution



Water



Land



Biodiversity



Consultation and disclosure



Socioeconomic impacts



Labor



Community health and safety



Indigenous Peoples



Cultural heritage

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Africa

## Africa Region

### Africa Investco/01



IFC, Financial Markets; Received March 2012; Ombudsman process is ongoing; Open

#### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Africa Investco 27819

**Department:** Financial Markets

**Company:** Baobab Investments Limited

**Sector:** Financial Intermediaries

**Region:** Sub-Saharan Africa

**Environmental Category:** C

**Commitment:** \$3 million equity

Since March 2012, the CAO has been addressing a complaint regarding unpaid salaries and expenses owed to employees of Baobab Investments Limited, an Africa-focused transport infrastructure development company, in which IFC holds equity. The complaint cites an example of an employee's salary and expenses being unpaid and notes that there are other former employees in a similar situation. It also contends that information has been withheld from the workforce regarding the liquidation of the company's UK subsidiary.

When the CAO commenced its assessment, the complainant and IFC informed the CAO that efforts to resolve the complaint issues were under way. All relevant parties conveyed their preference for those efforts to continue with the hope of reaching a successful conclusion without CAO dispute resolution assistance. The CAO continues to maintain regular communication with the complainant and IFC and will monitor whether any resolution is attained and implemented.

# Cameroon

## Chad-Cameroon Pipeline-02/Cameroon



IFC, Oil, Gas, Mining, & Chemicals; Received May 2011; Dispute resolution process ongoing; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Chad-Cameroon Pipeline 11124

**Department:** Oil, Gas, Mining, & Chemicals

**Company:** Cameroon Oil Transportation Company (COTCO)

**Sector:** Oil & Gas

**Region:** Sub-Saharan Africa

**Country:** Cameroon

**Environmental Category:** A

**Commitment:** \$100 million A loan, \$100 million B loan

In Cameroon, the CAO has been working since May 2011 with communities affected by the Chad-Cameroon Pipeline. IFC extended financing in 2002 to the Cameroon Oil Transportation Company (COTCO) for the construction of the pipeline, which is over 1000 km long, and which transports crude oil from oilfields in Chad to a facility off the coast of Cameroon. The complaint, filed by four Cameroonian organizations on behalf of local communities, raises concerns about the rise in HIV/AIDS after the pipeline was constructed; loss of livelihood among fishermen; displacement of Indigenous communities; inappropriate waste management; work-related accidents; and unsatisfactory forms of compensation, among others.

While a tripartite platform involving Cameroonian NGOs, COTCO, and the government has been in place for several years with the aim of addressing issues related to the pipeline, the parties expressed interest in pursuing a dispute resolution process facilitated by the CAO to address the issues raised in the complaint, and have been working initially to address four individual cases since January 2012. In May, the CAO team met with the NGOs, COTCO, and complainants and confirmed that considerable progress has been made addressing a number of individual complaints. Through the ongoing dispute resolution process, the parties are considering how the tripartite platform may be utilized to assist in addressing the outstanding issues.



CAO staff meet with community members affected by the Chad-Cameroon Pipeline project, Cameroon.

Where possible, the CAO aims to strengthen existing local mechanisms, rather than creating parallel processes that duplicate these efforts. In Cameroon, the tripartite platform, established before the CAO received the complaint, is being considered as a mechanism to drive the dispute resolution process forward.



# Chad

## Chad-Cameroon Pipeline-03/Chad



IFC, Oil, Gas, Mining, & Chemicals; Received October 2011; Ombudsman assessment ongoing; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Chad-Cameroon Pipeline 11125

**Department:** Oil, Gas, Mining, & Chemicals

**Company:** Tchad Oil Transportation Company (TOTCO)

**Sector:** Oil & Gas

**Region:** Sub-Saharan Africa

**Country:** Chad

**Environmental Category:** A

**Commitment:** \$100 million A loan, \$100 million B loan

In addition to working with communities in Cameroon affected by the Chad-Cameroon Pipeline Project, the CAO is addressing concerns involving tens of thousands of people living alongside the project in Chad. The CAO's involvement in Chad was triggered by a complaint filed in October 2011 by Groupe de Recherches Alternatives et de Monitoring du Projet Petrole Tchad-Cameroun (GRAMPTC), in collaboration with six organizations, on behalf of 125 individuals and 25 community groups. The complainants allege worsening of poverty since the pipeline was built and cite pressure on land and livelihoods, water pollution, inadequate compensation, and inadequate monitoring and assessment mechanisms related

to the project. Their concerns relate specifically to IFC's client, the Tchad Oil Transportation Company (TOTCO).

This case presents specific challenges for the CAO team due to the protracted nature of the conflict, with complaints dating back to the completion of the pipeline in 2003. As part of its assessment of the complaint, the CAO is working with the parties to determine whether they are willing to consent to a dispute resolution process. This is a complex process; thus, the assessment period has been extended to enable the parties to make a full and properly informed decision.

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The complaint, submitted on behalf of over 4,000 households in 25 villages, highlights the complexity involved in designing a properly consultative process that assists parties in making an informed decision about whether to participate in a dispute resolution process.

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CAO team and community representatives, Kome, Chad, March 2012.

# Mozambique

## Mozal-01/Matola and Maputo



IFC, Oil, Gas, Mining, & Chemicals; Received October 2010; Transferred to Compliance December 2011; Open

### PROJECT INFORMATION

**Institution:** IFC & MIGA

**Project Names & Numbers:** Mozal 7764 and 10323

**Department:** Oil, Gas, Mining, & Chemicals

**Company:** Mozambique Aluminum S.A.R.L (Mozal)

**Sector:** Mining

**Region:** Sub-Saharan Africa

**Country:** Mozambique

**Environmental Category:** A

**Commitment:** Up to \$135 million in quasi-equity and loans

The Mozal smelter, supported by IFC and MIGA, and the World Bank, was the first major foreign investment project in Mozambique. Located near Matola, the plant has produced aluminum for export since 2000, and is one of the largest smelting facilities in the world. In October 2010, a coalition of NGOs representing local communities submitted a complaint to the CAO regarding Mozal's bypass program—a six-month program expected to release emissions to the air without passing through the plant's treatment centers, which were being rehabilitated at the time. The complainants contended that the bypass program would result in the exposure of people and the environment to harmful emissions. They also raised questions about the environmental and social due diligence conducted by the company when initiating the bypass program, and the availability of project information to local stakeholders. The same complaint was filed to the European Investment Bank Complaints Mechanism and the UK OECD National Contact Point, with whom the CAO coordinated closely.

The company and complainants agreed to a dispute resolution process and agreed to ground rules outlining topics for discussion. With assistance from the CAO, the parties met several times during 2011, engaging in a negotiation process that resulted in several proposals, including Mozal's disclosure of information about the bypass program to the coalition of NGOs. Although the process did bring the parties closer to understanding one another's concerns and potential solutions, an agreement was not reached, and the complainants requested that the case be transferred to CAO Compliance for appraisal of IFC's due diligence. As of June 30, 2012, the case was pending decision to audit IFC.

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This case highlights the importance of proactive information sharing by project operators with local stakeholders about potential environmental impacts and mitigation plans that may directly affect them.

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# Uganda

## Agri-Vie Fund-01/Kiboga Agri-Vie Fund-02/Mubende



IFC, Financial Intermediary (Agribusiness); Received December 2011; Dispute resolution ongoing; Open

### PROJECT INFORMATION

Institution: IFC

Project Name & Number: Agri-Vie Fund 27674

Department: Global Financial Markets

Company: Agri-Vie Fund PCC

Sector: Financial Intermediary (Agribusiness)

Region: Sub-Saharan Africa

Country: Uganda

Environmental Category: FI

Commitment: \$7 million equity investment

The CAO is addressing two complaints in Uganda that were filed by affected communities in December 2011 with support from Oxfam and the Uganda Land Alliance. The complaints relate to the activities of New Forests Company (NFC), an investee of the IFC-supported Agri-Vie Agribusiness Fund. The complainants cite as issues forced evictions and displacement of over 10,000 local people in the districts of Kiboga and Mubende, where NFC was allocated land for timber plantations. The complaint also voices broader concerns about IFC's due diligence.

After discussing the various options available to address the issues raised in the complaints, the community representatives, Oxfam, Uganda Land Alliance, and NFC came to a unanimous decision to engage in a dispute resolution process facilitated by the CAO. The stakeholders also agreed that it would be important to interact with the Ugandan government regarding the process. A CAO-facilitated mediation began in April 2012 and is ongoing, with the parties participating in joint meetings and confidential bilateral discussions with the CAO to explore the terms of possible settlement.



CAO team meet with community members in Uganda, February 2012.

These cases highlight the challenges for the CAO in addressing large-scale evictions as a result of government allocation of land for private sector investment. These challenges are more pronounced in projects where IFC is acting through a financial intermediary, and may have less leverage to ensure positive development outcomes on the ground.



## Bujagali Energy-04/Bujagali (Workers) Bujagali Energy-05/Bujagali (Community)



IFC and MIGA, Infrastructure; Received March and May 2011; Dispute resolution process ongoing; Open

### PROJECT INFORMATION

**Institution:** IFC & MIGA

**Project Names & Numbers:** Bujagali Energy Ltd 24408 (IFC) & 6732 (MIGA)

**Department:** Infrastructure

**Company:** Bujagali Energy (IFC); World Power Holdings (MIGA)

**Sector:** Utilities

**Region:** Sub-Saharan Africa

**Country:** Uganda

**Environmental Category:** A (IFC)

**Commitment:** \$100 million A & C loans (IFC), \$115 million guarantee (MIGA)

The Bujagali project is a 250MW run-of-river hydropower project on the River Nile in Uganda. The project is supported by IFC and several other international financial institutions, including the African Development Bank, European Investment Bank, and World Bank. The CAO has been working with former employees and local residents to address two complaints related to the project since March and May 2011, respectively.

The first complaint was filed by 11 former employees of Salini Costruttori, a subcontractor of Bujagali Energy Limited, on behalf of themselves and more than 30 other employees who were involved in the construction and maintenance of the project. The complainants claim that they suffered work-related accidents in the course of their employment, and sustained injuries for which they were not properly compensated by the plant's subcontractor. They also raised concerns about the transparency of the medical assessment and compensation process, as well as intimidation against workers requesting their benefits.

The CAO's discussions with the parties in Uganda helped identify a way forward in handling the outstanding worker compensation claims, as well as determining a framework through which future claims could be handled. Considerable strides have been made to address the concerns raised and,

by June 2012, approximately half the cases brought forward in the complaint had been resolved, with progress being made toward resolving the remaining disputes.

This is the first case the CAO has received regarding injured worker compensation.

The second complaint was submitted to the CAO in May 2011 by 29 community members residing in the vicinity of the project while the team was conducting an assessment of the workers' issues described above. The complaint, submitted on behalf of local communities, cites concerns about construction of the project, including compensation for land acquisition and anticipated loss of livelihood due to the project's impact on Bujagali Falls, a popular location for whitewater river sports and tourism, on which the communities depend. The community members also raised concerns about damage to local infrastructure and impacts to health caused by the company's rock blasting activities during construction.

The CAO is facilitating collaborative processes with the parties around the major issues. The CAO is also working closely with the European Investment Bank Complaints Mechanism, which also received complaints concerning the blasting and land compensation issues.



.....  
"We are happy with the CAO process so far...  
You have done a great job."

—Augustine Mangeni, Chairman, Bujagali Disability Association  
.....

CAO team meet with complainants and company, Bujagali, Uganda.

# East Asia and the Pacific



## Cambodia

### Cambodia Airport II-01/Preah Sihanouk

IFC, Infrastructure; Received December 2009; Dispute resolution process ongoing; Open



#### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Cambodia Airport II 25332

**Department:** Infrastructure

**Company:** Société Concessionnaire de l'Aéroport

**Sector:** Transportation

**Region:** East Asia & the Pacific

**Country:** Cambodia

**Environmental Category:** B

**Commitment:** \$7.5 million

In December 2009, a complaint was filed with the CAO by a Cambodian NGO on behalf of 79 families living in the vicinity of Sihanoukville Airport. The complainants raise concerns about the impacts of an airport development project operated by Societe Concessionnaire de l'Aeroport (SCA), a company with a 45-year concession from the Royal Government of Cambodia, which received IFC financing. The complainants, many of whom own or occupy land in what is presumed to be the expansion zone of the project, raised concerns about improper land acquisition and compensation, loss of livelihood, noise pollution, environmental impacts to a local park, lack of community consultation, inadequate disclosure of project information to impacted communities, and more broadly, compliance with IFC requirements.

The CAO accepted the complaint in January 2010 and released its assessment report in August 2010. Since that time, the CAO Ombudsman team has held regular meetings in Sihanoukville and Phnom Penh with various stakeholders, including project-affected households, local and national government representatives, SCA, Green Goal (government resettlement consultants), NGOs, and IFC. The CAO continues to monitor the resettlement implementation and is working with the parties to document the outcomes of the process.



New home under construction for a resettled family near Sihanoukville, Cambodia.

While the parties agreed to try to resolve the issues in the complaint through a CAO-convened collaborative process, it was not possible for them all to meet in person. Thus the CAO Ombudsman team has employed a combination of separate meetings and "shuttle diplomacy" to assist the parties in resolving the issues.

# Indonesia

## PT Weda Bay Nickel-01/Weda Bay



MIGA, Mining; Received July 2010; Transferred to Compliance June 2011; Closed October 2011 after appraisal

### PROJECT INFORMATION

**Institution:** MIGA

**Project Name & Number:** PT Weda Bay Nickel 8113

**Department:** Mining

**Company:** PT Weda Bay Nickel (WBN)

**Sector:** Mining

**Region:** East Asia & the Pacific

**Country:** Indonesia

**Environmental Category:** A

**Commitment:** Proposed \$207 million guarantee

In July 2010, the CAO received a complaint related to the development of PT Weda Bay Nickel (WBN), a proposed nickel and cobalt mine and hydrometallurgical processing plant in Central Halmahera and East Halmahera Regencies, Indonesia, to which MIGA issued a guarantee. The signatories of the complaint comprise local and national NGOs and directly affected people living on Halmahera Island. The complaint raised concerns about environmental impacts to forests, fields, and bodies of water on which communities in the area depend.

The remoteness of this community made communication extremely challenging for the CAO, as well as the complainants' request for confidentiality to protect their identities. The CAO initiated contact through a local mediator to maintain discretion, and avoided drawing attention to meetings that were convened. After an extended assessment period, the company was supportive of a mediated process. However, the complainants decided not to participate in dialogue. Thus in June 2011, the complaint was transferred to CAO Compliance for appraisal of MIGA's

performance. However, in the interest of building the parties' skills and awareness of dispute resolution, the CAO convened two workshops in October and November 2011 on "Better Governance and Dispute Prevention in IFC/MIGA-sponsored Extractive Industries Projects in Indonesia": one for representatives of the community, and the other for representatives of the company and the government. Both these events were well attended.

The appraisal, released in October 2011, found that MIGA had identified several significant potential impacts during the construction and operations phase and had identified the need for mitigation measures. However, at the time of the complaint, most issues were pending further studies before commitment to specific actions could be made. The appraisal also found that the project sponsors had committed to comply with MIGA Performance Standards and the Equator Principles, as well as other industry guidelines and certifications. The CAO did not find an audit warranted at the current stage of project development, and the case was closed in October 2011.

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When a collaborative process is not possible, the CAO may still be able to provide a valued service by providing relevant information and mutual learning opportunities to help parties use dispute resolution tools in the future.

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## Wilmar Group-01/West Kalimantan



IFC, Agribusiness; Received July 2007; Settlement being monitored; IFC actions in response to CAO audit being monitored; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Names & Numbers:** Wilmar Group 25532 & 25532

**Department:** Agribusiness

**Company:** Wilmar Trading Pte. Ltd.

**Sector:** Agriculture and Forestry

**Region:** East Asia & the Pacific

**Country:** Indonesia

**Environmental Category:** C

**Commitment:** \$33.3 million (guarantee), \$17.5 million (loan)

In July 2007, the CAO received a complaint from NGOs, Indigenous Peoples' organizations, and smallholders living and working in Indonesia regarding IFC's support for the Wilmar Group, one of the world's largest processors and merchandisers of palm oil, and one of the largest plantation companies in Indonesia and Malaysia. The 19 signatories, under the lead of Forest Peoples Programme, Sawit Watch, and Serikat Petani Kelapa Sawit, claimed that the Wilmar Group's activities in Indonesia violated a number of IFC standards and requirements. At the time of the complaint, IFC had undertaken three investments in the company, and the international NGOs had been writing letters to the institution contesting IFC's support for the company for several years.

The complaint concerns the activities of Wilmar Group subsidiaries in West Kalimantan, including clearance of land and forests, and acquisition of land without due process for Indigenous communities, repressive actions, and lack of required environmental impact assessments and permits, among others. The complainants further alleged violations of IFC's policies, particularly with respect to compliance with national regulations and laws and the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO), as well as IFC's compliance with its own procedures. The CAO team conducted a field assessment in September 2007 and Wilmar representatives and community members agreed to pursue a mediation process. At the outset of the dialogue process, Wilmar announced a moratorium on further land clearance as an act of good faith. A settlement agreement was reached in late 2008 in the form of compensation from the company to two affected communities—numbering over 1,000 people—in

West Kalimantan to increase the proportion of lands to be allocated as smallholdings, and to return those lands that the communities insisted not be cleared. Wilmar also agreed to lease the land used for the oil palm plantations as community land, thus ensuring that the land would be returned to the community, not the state, at the expiry of the lease. Wilmar also committed to adopting new operational procedures to ensure compliance with the RSPO's standards. The implementation of mediated settlement agreements continues to be monitored by an evaluation team comprising the CAO team, and community and company representatives.

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**The CAO's involvement in this case resulted in substantial impact due to systemic changes in IFC's approach to the oil palm sector, and development of a comprehensive strategy for investments in the sector.**

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During the process, allegations related to IFC's due diligence were handled by CAO's Compliance team, which conducted an audit of IFC. The CAO's audit report, released in August 2009, concluded that IFC had failed to apply its own standards, and that its actions were counterproductive to its development mission. With regard to IFC's Wilmar Group investments, the CAO found that IFC applied a *de minimis* approach toward assessing supply chain issues, and that commercial pressures were allowed to prevail and overly influence the categorization of the project, and subsequent scope of IFC's due diligence.



Joint field M&E between Sajingan Kecil community members and Wilmar Agronusa Investama staff, Indonesia, 2011.

In response to the CAO's audit, the President of the World Bank Group suspended all new financing for palm oil projects until the Bank Group developed a comprehensive strategy to inform their future engagement in the sector. IFC was instructed to act on the findings in the CAO audit report. IFC's new palm oil strategy was released in March 2011 following a global consultation process, to which the CAO was an active observer. The CAO continues to monitor IFC's response to the audit and is currently observing substantial impact. During 2012, IFC initiated various Advisory Services programs in Indonesia focused on diagnostics and good practices in the palm oil sector, particularly in relation to smallholder needs, community engagement around plantations, and risk screening.

The cultivation and production of palm oil continues to cause considerable social tensions between private sector operators and communities in Indonesia. While recognizing that under the right conditions, oil palm can contribute to positive development, some communities see the plantations as a threat to their livelihood, in a context where recognition of communal land and property rights is unclear. Although the CAO process took considerable steps toward addressing these concerns with communities in West Kalimantan, concerns related to Wilmar's activities and to palm oil production in the wider Indonesian context still exist.

## Wilmar Group-02/Sumatra



IFC, Agribusiness; Received December 2008; Closed in June 2012 after partial settlement and transfer of outstanding issues to the Wilmar-03 dispute resolution process

### PROJECT INFORMATION

**Institution:** IFC

**Project Names & Numbers:** Wilmar Group 25532 & 25532

**Department:** Agribusiness

**Company:** Wilmar Trading Pte. Ltd.

**Sector:** Agriculture and Forestry

**Region:** East Asia & the Pacific

**Country:** Indonesia

**Environmental Category:** C

**Commitment:** \$33.3 million (guarantee), \$17.5 million (loan)

A second complaint was filed with the CAO in December 2008 detailing 17 cases of land conflict between local communities and Wilmar Group subsidiaries in Sumatra. During its assessment of this complaint, the CAO identified disputes associated with two community groups in Riau and Jambi Provinces, respectively. In both instances, the CAO found that the communities and Wilmar subsidiaries were already engaged in local dialogue processes. Therefore, the CAO chose to support the local mediation entities selected by the parties and provided guidance, mentoring, and support as an observer to the processes under way.

In the following months, the CAO team attended five dialogue meetings in Riau, after which the community and the company reached a provisional settlement in June 2010. Several months later, the company handed over a portion of land to the community to substitute for land that was originally disputed. A CAO evaluation and monitoring trip indicated that the terms of settlement have been met and that all parties are satisfied with the outcomes of the process.

The disputes in Jambi are ongoing. These issues are now being addressed through a dialogue process being handled directly by a CAO mediation team in conjunction with the third Wilmar complaint described on p. 46. Therefore, the CAO closed this second complaint in June 2012.



One of 81 families living within company plantation, Sumatra, Indonesia.

By taking on a mentorship role in supporting local mediation processes, the CAO can help strengthen parties' skills and provide guidance on achieving local solutions that deliver for communities after the CAO exits. Each dispute has its own unique set of issues and circumstances. Thus similar approaches may yield very different outcomes, as illustrated by the Riau and Jambi disputes.



## Wilmar Group 03/Jambi



IFC, Agribusiness; Received November 2011; Dispute resolution ongoing; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Names & Numbers:** Wilmar Group 25532 & 25532

**Department:** Agribusiness

**Company:** Wilmar Trading Pte. Ltd.

**Sector:** Agriculture and Forestry

**Region:** East Asia & the Pacific

**Country:** Indonesia

**Environmental Category:** C

**Commitment:** \$33.3 million (guarantee), \$17.5 million (loan)

A third complaint regarding Wilmar Group's activities in Indonesia was filed with the CAO in November 2011 by community groups and local and international NGOs. The complaint relates specifically to unresolved land disputes between local communities and PT Asiatic Persada (PT AP), a majority-owned subsidiary of Wilmar. The complainants allege that the company invoked government forces to dismantle a settlement on disputed land, an action that violates terms of previous agreements established between the community, government representatives, and the company. Furthermore, the community believes that the company's actions contradict IFC Performance Standards.

The CAO conducted three assessment visits to Jambi between December 2011 and January 2012, during which five community groups agreed to engage in a dispute resolution process with the company. As a result of this agreement, the CAO has been assisting the parties in devising a schedule for the dialogue process, as well as identifying the roles of other stakeholders.

The dispute resolution process is occurring at both the district and provincial government levels, facilitated by a Joint Mediation Team (JMT) comprising a local CAO team and local government representatives. In preparation for the mediation process, the CAO team is engaging parties in capacity building activities to ensure that they understand what the process involves, as well as their roles.

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This is the first time that the CAO has conducted a mediation jointly with representatives of local government, at the agreement of the parties.

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# Papua New Guinea

## PNG SEZ-01/Madang Province

IFC, Advisory Services; Received July 2011; Dispute resolution is ongoing; Open



### PROJECT INFORMATION

**Institution:** IFC  
**Project Name & Number:** PNG SEZ 564427  
**Department:** Advisory Services  
**Company:** Department of Commerce & Industry, Papua New Guinea

**Region:** East Asia & the Pacific  
**Country:** Papua New Guinea  
**Commitment:** Non-Fee Based Service

In 2008, the Government of Papua New Guinea incorporated the concept of Special Economic Zones (SEZs) into its overall economic development strategy and turned to IFC for assistance in developing the legislative framework to establish these zones in the country. In July 2011, the CAO received a complaint from a local NGO, the Bismark Ramu Group, on behalf of 105 local signatories regarding the social and environmental impacts of the Pacific Marine Industrial Zone (PMIZ) in Madang Province. The complaints raise concerns about the lack of local consultation with landowners on the site; the lack of environmental planning; the implications of the project on local biodiversity, including fish populations, reefs, and lagoons; as well as IFC's role in assisting the government with the implementation of SEZs.

A CAO team conducted three visits to Madang between September and October 2011 and held consultations with stakeholders at the national, regional, and community levels to discuss the issues raised in the complaint. In April 2012, the complainants and the government agreed to work with the CAO through a collaborative process. Preliminary discussions identified some shared interests, including securing project benefits for local communities, minimizing environmental impacts, respecting traditional and cultural rights, as well as increasing transparency and information about project development.

Multistakeholder meetings are scheduled to take place throughout 2012. The CAO will continue to engage with the parties at all levels to help them address and resolve the issues raised in the complaint in a mutually satisfactory manner.



Although the involvement of government is not common in CAO cases, this case is one of the first for the CAO in which the government is the primary IFC client, and therefore a primary party in the CAO's dispute resolution process.

Community members meet with the CAO team, Papua New Guinea.

# The Philippines

## Mindoro Resources-01/Jabonga



IFC, Oil, Gas, Mining & Chemicals; Received September 2011; Transferred to Compliance May 2012; Compliance appraisal ongoing; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Mindoro Resources 26987

**Department:** Oil, Gas, Mining, & Chemicals

**Company:** Mindoro Resources Ltd.

**Sector:** Mining

**Region:** East Asia & the Pacific

**Country:** The Philippines

**Environmental Category:** B

**Commitment:** \$9.5 million equity investment

In September 2011, two Indigenous communities living on Mindanao Island in the Philippines filed a complaint with the CAO, with support from their traditional leadership and local and international NGOs. The complainants raised concerns about the activities of Mindoro Resources Ltd (MRL), a mining company supported by IFC. Mindoro's primary asset is the Agata nickel deposit, although it has several other licensed tenement areas on northern Mindanao. Communities in Jabonga living in the vicinity of one of these other areas are concerned that MRL's exploration activities, and any future mining developments, are taking place on what they consider their ancestral lands, and cite potential negative impacts to forests, land, water, and sacred cultural sites on which the communities traditionally depend. The communities also contended that MRL did not consult adequately with communities in the areas, nor did the company provide sufficient information about its exploration and possible mining activities.

In December 2011, the CAO met with local community members who brought the complaint, MRL management and staff, NGOs, and local government representatives to ensure that all parties had a good understanding of the opportunities offered by a CAO process, as well as the

limitations. A follow-up visit was conducted in February 2012 for meetings with a wider set of community members, some of whom were not represented in the initial complaint and who wanted to express their support for the project. During the assessment, the complainants informed the CAO that they did not wish to engage with the company in a dispute resolution process. Thus the case was transferred to CAO Compliance in May 2012 for appraisal of IFC's due diligence. At the time of writing, the CAO's appraisal is under way.



CAO Vice President with community leaders from Dinarawan and Bunga communities, the Philippines, December 2011.



# Europe and Central Asia



## Georgia

### BTC Pipeline-33/Vale



IFC, Oil, Gas, Mining, & Chemicals; Received May 2011; Closed in January 2012 after dispute resolution settlement

#### PROJECT INFORMATION

Institution: IFC

Project Name & Number: Baku Tbilisi-Ceyhan Pipeline 11251

Department: Oil, Gas, Mining, & Chemicals

Company: Baku Tbilisi-Ceyhan Pipeline

Sector: Oil, Gas, and Mining

Region: Europe & Central Asia

Countries: Georgia, Turkey, and Azerbaijan

Environmental Category: A

Commitment: \$125 million (A loan), \$125 million (B loan)

In Georgia, the CAO mediated a successful resolution to its 33rd case about the Baku-Tbilisi-Ceyhan pipeline. The complaint, received in June 2011 from two landowning residents of Vale, Georgia, raised concerns about the activities of a BTC project contractor, which allegedly damaged the complainants' land and rendered it unusable for agricultural purposes. During the CAO's initial assessment, the key parties—complainants, British Petroleum (BP), and the BP contractor, Arali—agreed to

mediation convened by the CAO, with the full support of IFC. The mediation sessions were held in October 2011. By December, the CAO had verified that all terms of the agreement, which included working together to restore the complainants' damaged land and monetary compensation, had been implemented to all parties' satisfaction. The case was closed in January 2012, providing resolution for the parties in just over six months from when the complaint was filed with CAO.



CAO mediators on an assessment trip near Vale, Georgia.

The CAO tapped critical regional expertise in this case by co-partnering with a Ukrainian and Georgian mediator team, pictured, to assist with all phases of the process, from initial assessment, through mediation, to monitoring implementation of the agreement.

# Republic of Kosovo

KEK-01/Prishtina



IFC, Advisory Services, Received August 2011; Transferred to Compliance January 2012; Audit is in process; Open

## PROJECT INFORMATION

Institution: IFC  
Project Name & Number: Kosovo, KEK, 29107  
Department: Advisory Services  
Company: Kosovo Energy Corporation (KEK)

Sector: Infrastructure, Power Distribution  
Region: Europe & Central Asia  
Country: Kosovo  
Commitment: \$2.02 million

When the Government of Kosovo began the privatization of the distribution and supply network of its publicly owned utility, the Kosovo Energy Corporation (KEK), IFC was engaged as the transaction advisor to provide strategic, legal, technical, and financial Advisory Services regarding the structuring and implementation of all stages of the project.



CAO team meets with civil society representatives in Pristina, Kosovo.

In August 2011, the CAO received a complaint from local stakeholders, supported by international NGOs, citing lack of information and inadequate community consultation around the privatization process. In particular, the complainants raised concerns about impacts on communities and workers due to tariff increases and job losses expected as a result of removing government subsidies in the energy sector.

The CAO team held discussions with stakeholders in Pristina in November 2011, including community members, and government, company, union, and NGO representatives, to discuss major concerns related to the KEK privatization. While several stakeholders, including the company, expressed their willingness to participate in a dialogue process, the complainants, who requested confidentiality, decided that their interests would be better served through the CAO's Compliance function. The case was transferred for appraisal in January 2012.

The CAO's appraisal report, completed in April 2012, found that the project lacked sufficient clarity and guidance regarding the scope of IFC's Advisory Services to ensure that the impacts and outcomes of the project were consistent with the desired effects of IFC's policy provisions. For these reasons, the CAO concluded that an audit could yield information or findings that might better inform the IFC on the need for guidance to staff and application of policies to future IFC Advisory Services projects. An audit is under way.

# Turkey

## Standard Profil II-01/Duzce



IFC, Global Manufacturing and Services; Received September 2008; Settled and closed June 2012 after dispute resolution process

### PROJECT INFORMATION

Institution: IFC  
Project Name & Number: Standard Profil 26098  
Department: Global Manufacturing & Services  
Company: Standard Profil Otomotiv Ticaret ve Sanayi A.S.

Sector: Industrial & Consumer Products  
Region: Europe & Central Asia  
Country: Turkey  
Environmental Category: B  
Commitment: 25% shareholding

In June 2012, the CAO closed its four-year involvement facilitating settlement of labor issues between the Confederation of Turkish Trade Unions (Turk-is) and Standard Profil, an IFC client and manufacturer of auto parts in Duzce, Turkey. Turk-is submitted a complaint to the CAO on behalf of Petrol-İş (Petroleum Chemical Rubber Workers' Trade Union of Turkey) and the workers of Standard Profil in September 2008 about the implementation of labor standards in the company's operations, including the right to freedom of association.

Since early 2009, the CAO has worked with the parties toward implementing agreed steps based on awareness raising, training, and implementation around the company's commitments to IFC Performance Standard 2 (PS2) on Labor and Working Conditions. This includes Standard Profil's efforts to increase visibility of PS2 with posters in Turkish displayed in common areas in the plant. In January 2010, the CAO hired a labor expert to conduct PS2 training for 60 freely elected worker representatives and 13 company managers. In April 2011, an independent labor audit was conducted under the supervision of IFC to monitor Standard Profil's implementation of IFC's labor standard. The CAO closed the case in June 2012 because the different elements of the agreement were fully implemented.

In terms of outcomes, the CAO's involvement has supported some significant changes in Standard Profil's overall approach. Social dialogue structures have been implemented throughout the company's operations, whereby workers and management can openly exchange views and explore process improvements. These discussions have led to some concrete early outcomes, such as improvements in shift rest times, facilities, and services. A new grievance procedure is also being implemented, after consultation with worker representatives.

The dialogue structures, and audit results, have led the company to restructure its use of contract labor. To date, almost 600 contractors have been converted to employee status. Many workers have also exercised their rights by joining Petrol-İş, the union involved in bringing the complaint to the CAO.

However, challenges remain. Standard Profil and Petrol-İş are involved in an ongoing dispute about freedom of association. In March 2011, Petrol-İş announced that it had achieved the legally required quota of 50 percent + 1 worker to gain recognition. The company has requested that the Ministry of Labor verify the legitimacy of this claim, a process that can last two years. A decision by the ministry is pending. When it comes, it will provide the parties an opportunity to define their future relationship.

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This case has had a systemic impact on Standard Profil's operations, as the company has now adopted a social dialogue approach throughout its operations in Turkey, with plans to use the same approach in China and South Africa.

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# Latin America and the Caribbean



## Colombia

### Avianca-01/Bogota



IFC, Infrastructure; Received November 2011; Transferred to Compliance for appraisal June 2012; Open

#### PROJECT INFORMATION

Institution: IFC

Project Name & Number: Avianca 25899

Department: Infrastructure

Company: Aerovias del Continente Americano S.A. (Avianca)

Sector: Transportation

Region: Latin America & the Caribbean

Country: Colombia

Environmental Category: B

Commitment: \$50 million corporate loan

The CAO received a complaint from trade unions in November 2011 regarding labor issues in the civil aviation sector in Colombia. The complaint was submitted on behalf of three Colombian labor unions representing Avianca civil aviation and airline workers by the International Trade Union Confederation/Global Unions with support from the International Transport Workers' Federation and the AFL-CIO Solidarity Center. Avianca is a commercial airline based in Colombia. IFC has provided financing to support the company's fleet renewal program.

The unions raised concerns regarding violations of labor rights at Avianca, most significantly surrounding freedom of association and collective bargaining, and claims of discriminatory practices against employees who are union members. The complainants also raised questions about IFC's

due diligence, particularly pertaining to Performance Standard 2. Before submitting the complaint to the CAO, the company and complainants had pursued a court settlement that did not yield satisfactory outcomes for the parties involved.

During the CAO's assessment of the complaint, the local unions expressed their willingness to engage with Avianca through a CAO-facilitated process. However, the company did not agree and held the view that the unions had yet to exhaust all the internal channels of communication available to them. In this particular case, mutual distrust between the parties, compounded by a lengthy litigious relationship, made it challenging for the CAO team to create the impetus for dispute resolution. The case was transferred to CAO Compliance for appraisal of IFC's performance in June 2012.

## Eco Oro-01/Bucaramanga



IFC, Oil, Gas, Mining, & Chemicals; Received June 2012; In assessment; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Eco Oro 27961

**Department:** Oil, Gas, Mining, & Chemicals

**Company:** Eco Oro Minerals Corp

**Sector:** Mining

**Region:** Latin America

**Country:** Colombia

**Environmental Category:** B

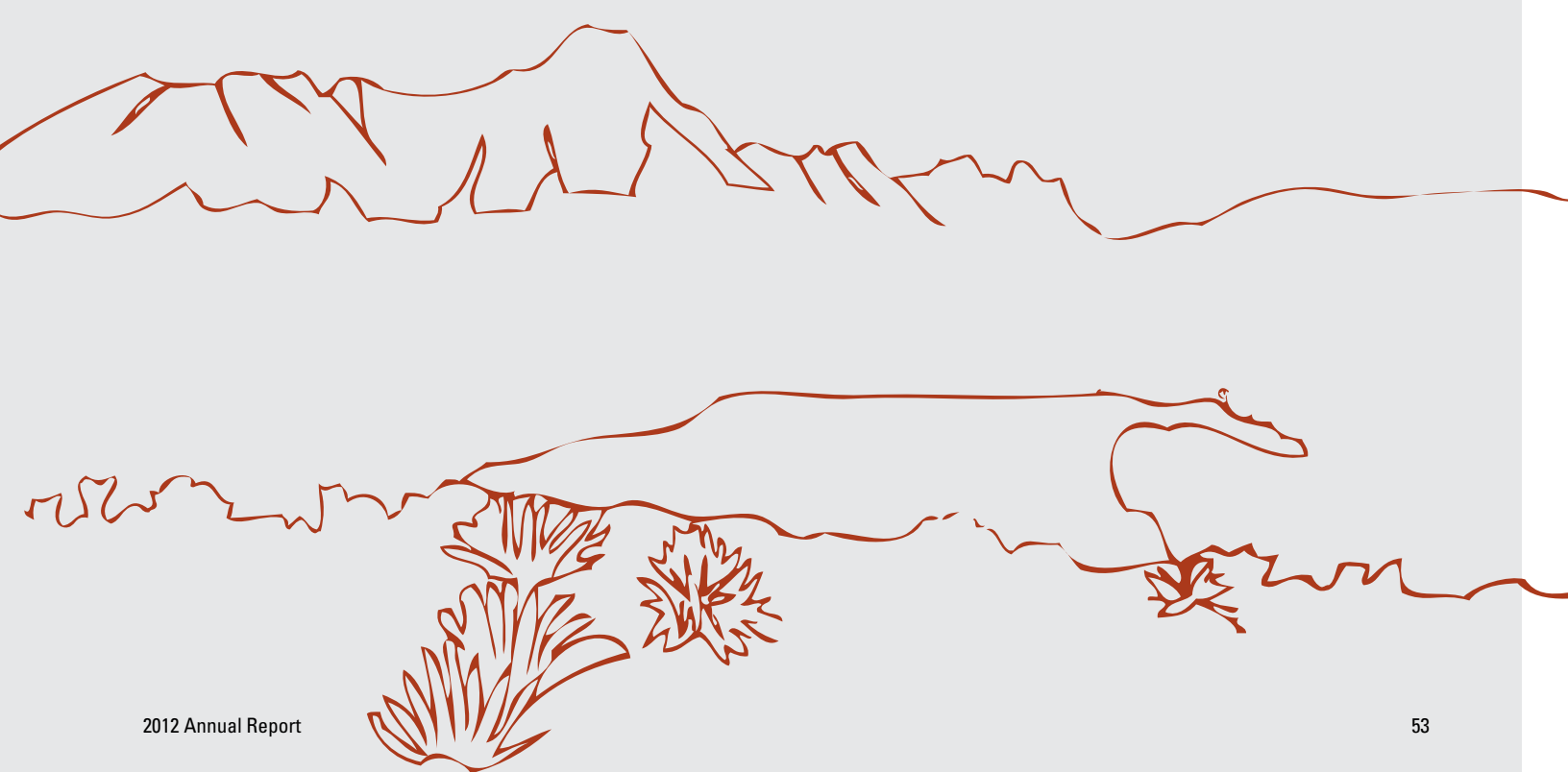
**Commitment:** \$9 Million

In June 2012, the CAO received a complaint from Comité por la Defensa del Agua y el Páramo de Santurbán, a coalition of individuals and NGOs working in Bucaramanga, Colombia. The complaint relates to the Angostura gold and silver exploration project near Bucaramanga, which is owned and operated by Eco Oro Minerals Corp (formerly Greystar Resources Ltd). IFC is supporting the project's feasibility study, environmental and social impact assessment, and other ground works needed for project development.

The complaint specifically raises concerns about the location of the project within a critical ecosystem, the *Santurban Paramo*, which is said to generate water resources for 2 million people in the region. Complainants believe that mining

activities would likely have negative impacts on the quantity and quality of water generated, as well as the biodiversity of this vital ecosystem. They are also concerned about the socioeconomic impact of the project on surrounding communities, especially farmers and small-scale producers likely to be affected by large-scale mining activities. More broadly, the complaint raises concerns about the quality of the environmental and social impact assessments conducted for the project, and IFC's compliance with its policies.

At the time of writing, the CAO was conducting an initial assessment and was in contact with the relevant parties to explore options for addressing the issues raised in the complaint.



# Ecuador

## Pronaca Expansion-01/Santo Domingo de los Tsachilas



IFC, Agribusiness; Received December 2010; Transferred to Compliance June 2011; Closed in November 2011 after appraisal

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Numbers:** Pronaca 26535 & 21901

**Department:** Agribusiness

**Company:** Procesadora Nacional de Alimentos C.A. (PRONACA)

**Sector:** Food & Beverages

**Region:** Latin America & the Caribbean

**Country:** Ecuador

**Environmental Category:** B

**Commitment:** \$30 million A loan, \$20 million C loan

In December 2010, the CAO received a complaint from local stakeholders in Santo Domingo de los Tsachilas, Ecuador, regarding Procesadora Nacional de Alimentos C.A. (PRONACA), the country's biggest producer of poultry and pork. The expansion and upgrade of PRONACA's facilities was supported by IFC. The complainants believed that the company's farms and processing facilities were polluting water sources, affecting soil and air quality, and causing negative environmental impacts to a protected forest in the province. The complainants also alleged a lack of environmental licenses and appropriate environmental assessments for the company's activities.

A CAO team met with local stakeholders and the company in Santo Domingo to discuss options for resolving the issues raised. During the assessment, the complainants were unable to reach a consensus on participating in a dispute resolution process, although the company was amenable.

The case was therefore transferred to CAO Compliance in June 2011 to ascertain whether there were any concerns relating to IFC's due diligence that merited an audit.

The appraisal, completed November 2011, found that IFC had worked with PRONACA to design and implement improvements in the company's environmental performance. Progress had also resulted from the use of IFC's Advisory Services and from external consultancy services that IFC helped identify and fund. The CAO found that the reporting of data to IFC (for example, in Annual Monitoring Reports) was insufficient to give IFC full assurance that PRONACA's operations are in compliance. IFC recognized this deficiency and it is the subject of proposed future action by IFC.

The CAO found that an audit of IFC would yield limited information beyond what the appraisal identified and concluded the case with no further action in November 2011.





# Honduras

## Dinant Investment-01/CAO Vice President Request

IFC, Agribusiness; CAO VP announced compliance appraisal April 2012; Open



### PROJECT INFORMATION

**Institution:** IFC  
**Project Name & Number:** Dinant 27250  
**Department:** Agri & Services  
**Company:** Corporación Dinant S.A. de C.V. (Dinant)

**Sector:** Palm Vegetable Oil  
**Region:** Latin America & the Caribbean  
**Country:** Honduras  
**Environmental Category:** B  
**Commitment:** \$30 million

In April 2012, the CAO Vice President informed IFC that the CAO was initiating a compliance appraisal of IFC's investment in Corporación Dinant, a palm oil and food company in Honduras. IFC supported the expansion of Dinant's operations in 2009, including increased production capacity in its snacks and edible oils divisions; expansion and upgrade of its distribution network; the development of young palm oil plantations; and construction of a biogas facility to generate electricity for use by the company and third parties.

The CAO appraisal was triggered in response to concerns raised in a letter to the World Bank Group President in November 2010 and subsequent discussions between the CAO and local NGOs regarding Dinant's environmental and

social performance in Honduras. Key issues relate to claims of forced evictions of, and violence against, farmers in and around Dinant plantations in the Aguan Valley.

The compliance appraisal will seek to ascertain whether IFC assured itself that a diligent assessment of the environmental and social performance of this project was conducted before its investment, and whether IFC responded appropriately to the situation of Dinant in the context of the declining political and security situation in Honduras, specifically in the Aguan Valley, following the ouster of President Zelaya in June 2009. As of June 30, 2012, the case was pending a decision to audit IFC.



# Mexico

## Harmon Hall-01/Mexico



IFC, Health & Education; Received December 2011; Dispute resolution process ongoing; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Harmon Hall 29753

**Department:** Health & Education

**Company:** Harmon Hall Holding, S.A. de C.V.

**Sector:** Education

**Region:** Latin America & the Caribbean

**Country:** Mexico

**Environmental Category:** B

**Commitment:** \$7.9 million equity

The CAO received its first complaint from Mexico in December 2011 regarding labor issues at a large chain of English language schools. With a network of 101 schools across Mexico, Harmon Hall has over 40,000 students in its system. IFC provided equity to the company to expand its operations. After the initial complaint was filed by a former teacher at the school, the CAO received a further six complaints from current and former staff.

Some of the main concerns raised by the teachers include respectful treatment by management, the “self-employed” nature of many contracts, fair compensation for hours worked, as well as a lack of trusted options available for

raising their concerns with company management. Both the complainants and Harmon Hall management have agreed to work with the CAO to address these issues through a mediated process. At this time, and since many of the complainants preferred not to engage directly with the company for confidentiality reasons, the CAO team has conducted the process through bilateral meetings. A number of remedial actions have been identified and a framework laid out for implementing them. As these actions are finalized and implemented, the CAO will continue to monitor progress to ensure that the concerns raised in the complaints have been addressed to all parties’ satisfaction.



# Nicaragua

Nicaragua Sugar Estates Limited-01/León and Chinandega 

IFC, Agribusiness; Received March 2008; Dispute resolution settlement being monitored; Open

## PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Nicaragua Sugar Estates Limited S.A. 25331

**Department:** Agribusiness

**Company:** Nicaragua Sugar Estates Limited (NSEL)

**Sector:** Agriculture and Forestry

**Region:** Latin America & the Caribbean

**Country:** Nicaragua

**Environmental Category:** B

**Commitment:** \$25 million (A loan), \$30 million (B loan)

This year marks the fourth year of the CAO's involvement in Nicaragua, where we have been convening a dialogue process between an IFC agribusiness client, Nicaragua Sugar Estates Limited (NSEL), and ASOCHIVIDA, an association of 2,000 former sugarcane workers and their families in Chichigalpa affected by Chronic Kidney Disease (CKD). The CAO's involvement was triggered by a complaint filed in 2008 by Washington, DC-based Center for International Environmental Law on behalf of affected community members, who believed their illness was linked to the company's activities. Since that time, the CAO dialogue process has focused on helping the community and company find joint solutions to address the day-to-day needs of affected community members, catalyzing efforts to provide urgent medical care, and initiating research into the cause of the disease. Efforts in these three areas are ongoing, and since February 2009 parties have met regularly to discuss actions and progress.

Medical needs are profound, particularly in light of the lack of options for medication, dialysis, and kidney transplant. As a first step, the company provided ultrasound equipment and the services of a radiologist. Recently, the Ministry of Health in Nicaragua approved an offer by NSEL and the German Investment Corporation (DEG) to donate \$320,000 to improve facilities and services at the local health center in Chichigalpa. Conversations with the ministry to implement this project are ongoing.

Through the dialogue table, the parties also agreed to address the needs of those who are sick and unable to work, or are survivors of workers who have passed away. Since June 2009, NSEL has been providing up to 2,000 ASOCHIVIDA members with food aid, as well as yearly educational packages for over 1,500 children, and is helping provide new housing for ASOCHIVIDA members, which is currently under construction. A business development



American Nicaragua Foundation (ANF) member discusses housing construction plans with the dialogue table participants, Nicaragua, June 2012.

expert has provided additional support to the parties since 2010. NSEL donated funds to a revolving microcredit facility to support community entrepreneurs, and a poultry farm, from which profits are transferred exclusively to ASOCHIVIDA.

An important part of the process has been independent research into CKD carried out by Boston University (BU), which was jointly chosen by the parties to conduct the research under the auspices of the CAO dialogue table. The research has indicated that the type of CKD affecting former NSEL workers, which is of unknown cause, is also present in other industries throughout the Pacific zone of Central

America. BU findings published in June 2012 suggest some evidence of early-stage kidney damage in adolescents who have not yet entered the workforce, which appears to extend to all regions studied, with higher frequency in Chichigalpa. These preliminary findings will require further examination.

At the end of June 2012, ASOCHIVIDA and NSEL signed an agreement that formally closes out the CAO's role convening the dialogue process. The agreement details commitments made by the parties as a result of the process and their willingness to continue the dialogue. The CAO has entered a monitoring role to follow up on the implementation of commitments made by the parties.

While the CAO's role at the local level is nearing conclusion, the CAO aims to catalyze the involvement of regional actors to address the larger public health issues that this case has brought to light. Since July 2011, the CAO has engaged the Pan-American Health Organization, the U.S. National Institutes of Health, and the World Bank, as well as the Minister for Health in El Salvador—a leading voice in increasing public awareness about CKD—in an effort to bring about a regional conference to prioritize diagnosis and treatment of CKD. DEG is equally supportive of this initiative. It is hoped that this broad engagement will lead to a collaborative effort to tackle CKD in Central America beyond 2012.

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The CAO dialogue process created the right environment for the company and community to take extraordinary steps together to address urgent community needs and tackle a highly charged health issue. Supported by NSEL, the process has delivered food aid, improvements in health care, and housing to those affected by chronic kidney disease (CKD), as well as funds to support community enterprises. Boston University's research into the cause of CKD continues and has helped shine light on a public health issue at the regional and international level.

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CAO team with ASOCHIVIDA, NSEL, CIEL and Boston University research team representatives, Nicaragua, June 2012.



# Panama

## Panama Canal Expansion-01/Lake Gatún



IFC; Infrastructure; Received May 2011; Transferred to Compliance February 2012; In appraisal; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Panama Canal Expansion 26665

**Department:** Infrastructure

**Company:** La Autoridad del Canal de Panama

**Sector:** Transportation

**Region:** Latin America & the Caribbean

**Country:** Panama

**Environmental Category:** A

**Commitment:** \$500 million A loan

The Panama Canal, which connects the Atlantic to the Pacific via the Caribbean Sea, is one of the largest engineering projects ever undertaken. Since it was completed in 1914, it has been a key conduit for international maritime trade, with annual traffic increasing to just under 15,000 vessels a year by 2011. An expansion project is being implemented, funded by IFC and other lenders, to increase the Canal's capacity and efficiency.



CAO staff with community and NGO representatives, San Lucas, Panama.

In May 2011, the CAO received a complaint from several environmental and citizens' rights organizations in Panama regarding the Canal expansion, which includes construction of two new sets of locks, one on the Pacific and one on the Atlantic side of the Canal, and the widening and deepening of navigational channels in Lake Gatún and the deepening of the Culebra Cut. The complaint raised concerns about the salinization of critical freshwater sources, threats to coastal biodiversity and marine resources, the threat to community health and safety posed by the construction of a dam in proximity to a seismic fault line, relocation of communities, as well as concerns about IFC's due diligence process in approving the project. A complaint was also filed with the European Investment Bank's Complaints Mechanism, with which the CAO has coordinated closely.

During the CAO's assessment of the complaint, community representation, poor communication, and lack of trust between the parties posed major obstacles to stakeholder dialogue and engagement. It became clear that the parties could not agree to a dispute resolution process convened by the CAO.

The complaint was transferred to CAO Compliance for appraisal in February 2012 to provide assurance that IFC is in compliance with relevant social and environmental policies and procedures. At the time of writing, the case was being appraised.

## Pando Montelirio-01/Chiriquí



IFC, Infrastructure; Received January 2010; Transferred to Compliance April 2011; Closed February 2012 after appraisal

### PROJECT INFORMATION

Institution: IFC

Project Name & Number: Pando Montelirio 27975

Department: Infrastructure

Company: Electron Investment S.A.

Sector: Power

Region: Latin America & the Caribbean

Countries: Panama

Environmental Category: A

Commitment: \$25 million A loan, \$15 million C loan, \$5 million IFC swap

The CAO concluded its involvement in the Pando Montelirio case in February 2012 after conducting a compliance appraisal. The CAO's engagement was triggered by a complaint filed in January 2010 by 16 community and environmental organizations in Panama regarding the potential impacts of the project, which consists of two run-of-river hydropower plants to be operated in a cascade on the Chiriquí Viejo River in western Panama. The complainants raised concerns about lack of consultation with communities; lack of a cumulative impact assessment; the threat of downstream flooding; quality and quantity of water; and negative impacts on the natural landscape and mangroves near the mouth of the river in the Gulf of Chiriquí.

The IFC and the Inter-American Development Bank (IDB) are both providing long-term financing to the project, and the complaint was jointly addressed to the CAO and IDB's Independent Consultation and Investigation Mechanism (MICI).

After meetings in Panama with the complainants, company representatives, community members, municipal authorities, and national regulators, the parties agreed to collaborate in a dialogue process jointly convened by the CAO and MICI. Despite some successful cooperation and the convening power of the CAO and MICI in the joint dialogue process, by April 2011 it became evident that the parties would not be able to resolve their issues through dispute resolution. The CAO therefore referred the case to compliance appraisal.

The CAO's appraisal report, completed in February 2012, found that IFC had assessed all the major concerns raised by the complainants related to the direct impacts of the project. Based on the information available, IFC had assessed the project's contribution to potential cumulative impacts. However, at the time of the investment decision, full details about cumulative impacts of the development of the entire Chiriquí Viejo River basin were not defined. The CAO found limited merit in auditing IFC at the current stage of the project and closed the case.

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Although the joint CAO-MICI process ultimately did not lead to an agreement, the process helped enhance visibility and awareness among the stakeholders and the Panamanian public of the challenges involved in watershed management.

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# Peru

## Agrokasa-01/Ica



IFC, Agribusiness; Complaints filed June 2009; Transferred to Compliance, March 2010; Audit completed February 2011; IFC's response to audit is being monitored; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Sociedad Agricola Drokasa S.A. 26821 (withdrawn by client)

**Department:** Agribusiness

**Company:** Sociedad Agricola Drokasa S.A (Agrokasa)

**Sector:** Agriculture and Forestry

**Region:** Latin America & the Caribbean

**Country:** Peru

**Environmental Category:** B

**Commitment:** Up to \$10 million (withdrawn by client)

The CAO continues to monitor IFC's response to its audit of IFC's agribusiness investments in the Ica Valley, Peru. The audit was initiated subject to six letters of complaint received by the CAO in June–July 2009 from local water associations, NGOs, and local stakeholders regarding Agrokasa, an IFC client specializing in the production and export of fresh asparagus, grapes, and avocados. The complaints related mainly to the impact of Agrokasa's projects on water resources in the Ica Valley, raising concerns about the depletion of the aquifer, disclosure of project information to other growers in the region, and the licensing and permitting process for wells and water extraction by the company.

Between 1999 and 2006, IFC approved three investments in Corporacion Drokasa, a leading Peruvian agricultural and industrial conglomerate, and its wholly owned subsidiary, Agrokasa. In 2009, a fourth investment was circulated for approval by the IFC Board under IFC's streamlined procedures to further develop Agrokasa's operations in the Ica Valley. This investment was to be the first for this client applying the IFC Performance Standards. While seeking Board approval, IFC management became aware of unresolved issues identified during its due diligence, as well as the receipt of complaints by the CAO. IFC management decided to withdraw the investment proposal from Board consideration.

The CAO's assessment of the complaints during 2009 identified opportunities for the parties to engage in a collaborative process to address critical water issues. Two groundwater users associations involved in lodging the

complaint launched a Working Group in collaboration with other local water users associations, water authorities, and Agrokasa. During the assessment, Agrokasa withdrew its request for financing for a third loan from IFC. The CAO facilitated monthly meetings of this Working Group until November 2010, when several agreements were reached on the joint development of strategies for managing water resources in the Ica Valley. The Working Group actively collaborated with local and national water authorities to implement initiatives aimed at protecting the aquifer and ensuring equitable access to water for the valley's water users.

The issues that the parties were unable to negotiate were transferred in March 2010 to CAO Compliance for appraisal and subsequent audit of IFC. The audit found that overexploitation of the Ica aquifer and the extent of local concerns were known to IFC throughout its due diligence process, and although concerns were raised internally about potential noncompliance with the Performance Standards, IFC proposed to seek project approval without appropriate Environmental Assessments or adequate information disclosure and consultation with potentially affected parties.

The audit also identified inadequacies in IFC's processing of the investment, finding that commercial pressure to expedite the project, and an absence of effective IFC management support, meant that the professional advice offered by IFC's environmental and social specialists was effectively overruled, and community objections were ignored. IFC is deriving lessons learned from this case, and the audit remains open while the CAO monitors IFC's response to its findings.

## Maple Energy-01/Nuevo Sucre and Canaán



IFC, Oil, Gas, Mining, & Chemicals; Received April 2010; Transferred to Compliance October 2011; Closed May 2012 after appraisal

### PROJECT INFORMATION

**Institution:** IFC  
**Project Name & Number:** Maple Energy 26110  
**Department:** Oil, Gas, Mining, & Chemicals  
**Company:** Maple Energy Plc

**Sector:** Oil, Gas, and Mining  
**Region:** Latin America & the Caribbean  
**Country:** Peru  
**Environmental Category:** B

In April 2010, a complaint was brought to the CAO by local community members of Nuevo Sucre and Canaán, with assistance from national and international NGOs, regarding Maple Energy, a privately held integrated energy company with operations in Peru. The project, supported by IFC, includes drilling and well work to extend the production of existing oil fields, exploration in hydrocarbon concessions, and the development of a greenfield ethanol project. The complainants cited negative impacts to the health of local communities and to the environment resulting from oil spills.

The parties initially agreed to a dispute resolution process convened by the CAO, and jointly determined the conditions and terms of engagement in June 2010. In the months that followed, the CAO facilitated four dialogue meetings between company and community representatives to address community access to safe drinking water, increased communication between the parties, development of environmental and health studies, and options for community monitoring. These meetings resulted in three signed agreements and the implementation of several agreed action points.

A month before the fourth dialogue table was convened, the company engaged several community members to participate in clean-up efforts of a small oil spill that occurred close to the Nuevo Sucre community. This led to disagreement

between the parties regarding the amount of oil spilled, the effectiveness of the company's response to the spill, and whether community members had been exposed to undue risks. A second point of contention involved the financing of the environmental and health studies agreed upon in earlier meetings. These two areas of disagreement proved insurmountable and the communities withdrew from the dialogue process. The case was therefore transferred to CAO Compliance in October 2011 to ascertain whether there were concerns relating to IFC's due diligence that merited an audit.

The appraisal, completed in May 2012, found that IFC had adequately identified and assessed all the major concerns related to the direct impacts of the project during its due diligence process, and that throughout the various project investment phases, IFC worked with Maple to improve its information disclosure, community participation, and environmental and social protections. Furthermore the CAO's appraisal revealed that IFC conducted periodic reviews of Maple's environmental performance, and tracked its progress in relation to recommended actions. Given these findings, the appraisal concluded that IFC was taking actions to assure itself of the performance of Maple and that an audit of IFC's due diligence would yield limited information beyond that already identified in the appraisal. The CAO closed the case with no further action in May 2012.

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While the dispute resolution process was not completed in this case, some initial outcomes included improved access to water for both communities and investments in communications infrastructure, to connect the communities to the Internet. More broadly, the participatory process through which the parties designed a Terms of Reference for an environmental study and process for water sampling in Nuevo Sucre enabled face-to-face problem solving on how to assess and analyze environmental impacts.

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## Quellaveco-01/Moquegua



IFC, Oil, Gas, Mining, & Chemicals; Received November 2011; Ombudsman assessment under way; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Quellaveco, 3823

**Department:** Oil, Gas, Mining, & Chemicals

**Company:** Anglo American Quellaveco S.A.

**Sector:** Mining

**Region:** Latin America & the Caribbean

**Country:** Peru

**Environmental Category:** B

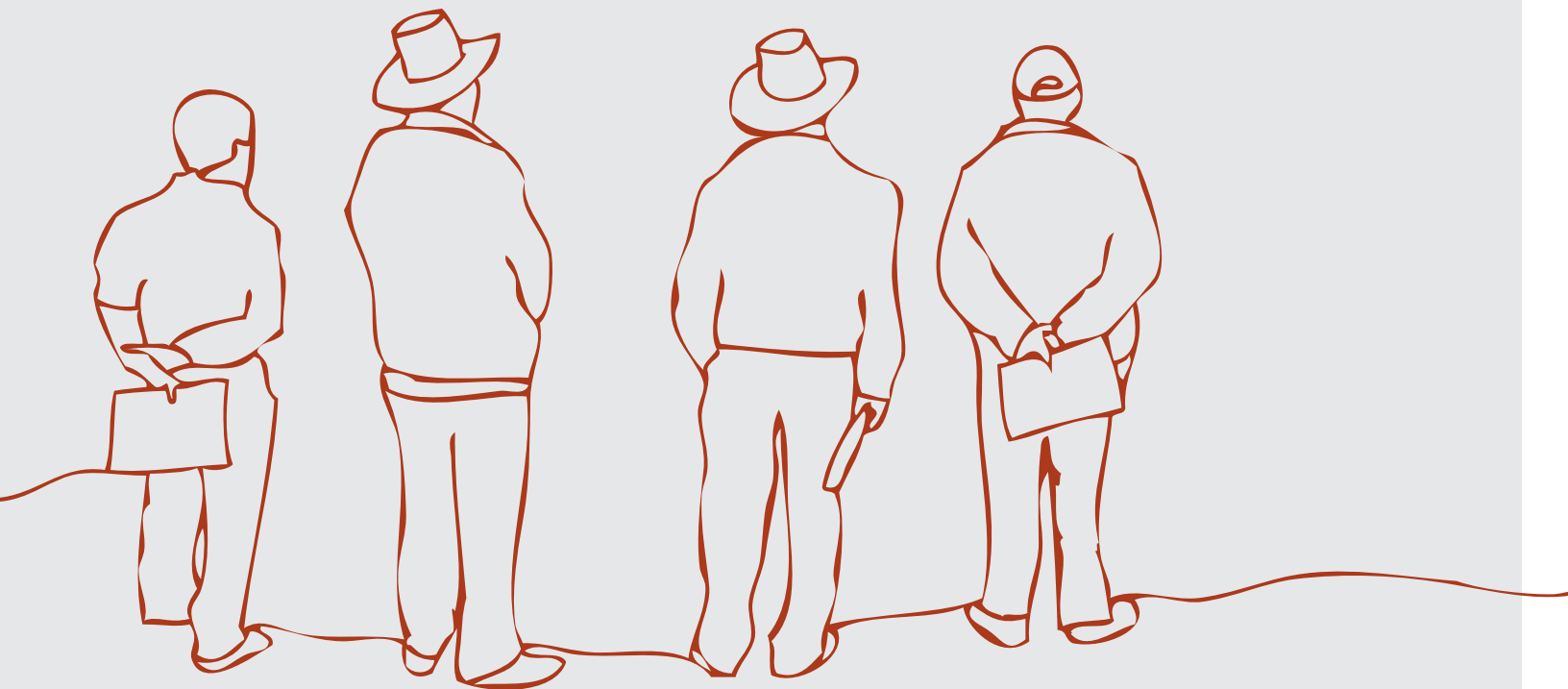
**Commitment:** \$60 million equity (currently divested)

The CAO received a complaint in November 2011 from a local environmental NGO regarding the Quellaveco copper project located in the Department of Moquegua in southeastern Peru. IFC held an equity stake in Anglo American Quellaveco from 1993 until divesting to Mitsubishi in February 2012. The concession is currently in its preconstruction phase.

The complaint cited concerns about the anticipated impacts of mining on community health and the environment, particularly water pollution, water scarcity, and increased competition for water in an arid area. Communities also raised concerns about IFC's due diligence, particularly with respect to the company's Environmental Impact

Assessment, community consultation on land acquisition, and disclosure of information regarding the project.

The company, while amenable to addressing community concerns through dialogue, believes an existing government-led dialogue table comprising 27 local stakeholders, including representatives from the company, civil society, government, and local communities, is the right framework to discuss issues related to the project. The company therefore declined to participate in a CAO dispute resolution process. As of June 30, 2012, the CAO was finalizing its assessment report and will transfer the case to CAO Compliance per standard practice to provide material verification of IFC's due diligence.



# South Asia

## India

### India Infrastructure Fund-01/Dhenkanal District



IFC, Global Financial Markets; Received April 2011; Ombudsman assessment ongoing; Open

#### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** India Infrastructure Fund 26237

**Department:** Global Financial Markets

**Company:** India Infrastructure Fund (IFF)

**Sector:** Finance & Insurance

**Region:** South Asia

**Country:** India

**Environmental Category:** FI

**Commitment:** \$100 million equity investment

The CAO received a complaint in April 2011 related to the Kamalanga Energy Project, a coal-fired power plant in Odisha state. The complaint was filed by Odisha Chas Parivesh Surekhsa Parishad (Odisha Agriculture and Environmental Protection Council) together with the Delhi Forum, an advocacy and research organization. The project is an investee of the IFC-supported India Infrastructure Fund (IFF). The complaint raises concerns about transparency and information disclosure related to the project, and potential environmental and social risks, including negative health impacts, pollution, access to water, and more broadly, IFC's financing role in the project. At the time the complaint was received, it was the first case received by CAO relating to an IFC financial intermediary investment.

Between September 2011 and March 2012, a CAO team made four trips to India to hold meetings with the complainants, project sponsor, IFC project team, and civil society organizations to explore options for addressing the issues raised in the complaint. In April 2012, the parties expressed their interest in a mediation process facilitated by the CAO.

Since that time, the CAO has carried out capacity building and training workshops for both the community and the company. The aim of the workshops is to increase the parties understanding of what mediation involves and foster effective engagement that will help build constructive relationships between the parties. At the time of writing, the CAO is in discussions with the parties about their desired next steps for the process.

## Tata Ultra Mega-01/Mundra and Anjar



IFC, Infrastructure; Received June 2011; Transferred to Compliance February 2012; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Tata Ultra Mega 25797

**Department:** Infrastructure

**Company:** Coastal Gujarat Power Limited

**Sector:** Power

**Region:** South Asia

**Country:** India

**Environmental Category:** A

**Commitment:** \$450 million A loan, \$300 million B loan, \$50 million equity

In June 2011, the CAO received a complaint from Machimar Adhikar Sangharsh Sangathan (MASS, Association for the Struggle for Fishworkers Rights), an organization representing several fishing communities in Gujarat, India. The complaint relates to the development of Coastal Gujarat Power Limited's (CGPL), 4,000MW "ultra mega" coal-fired power plant in the port city of Mundra, a project in which IFC has invested \$450 million. The complainants cited concerns about the project's impact on water sources and fishermen's livelihoods and questioned the validity of environmental and social impact assessments, community consultation, and the project's adherence to IFC's Performance Standards, as well as national legislation.

In August and October 2011, the CAO team held meetings with the complainants, fishing communities in the vicinity of the project, and company representatives. The fishing communities expressed their concerns about the industrialization of the coastline and the threats that this posed to their livelihoods. While the company was receptive to the possibility of addressing these issues, they also recognized that the involvement of a wider range of stakeholders, including other industrial players and the state government, would be required.



Local fishermen and their supporters meet with the CAO team in Gujarat, India.

After exploring available options with the CAO, the complainants requested that the complaint be transferred to CAO Compliance. The case was formally transferred in February 2012. As of June 30, 2012, the case was pending a decision to audit IFC.

## Tata Tea-01/CAO Vice President Request



IFC, Agribusiness; CAO Vice President announced compliance appraisal May 2012; Appraisal in process; Open

### PROJECT INFORMATION

**Institution:** IFC

**Project Name & Number:** Tata Tea 25074

**Department:** Coffee, Cocoa, Tea

**Company:** Amalgamated Plantations Private Limited

**Sector:** Agribusiness

**Region:** South Asia

**Country:** India

**Environmental Category:** B

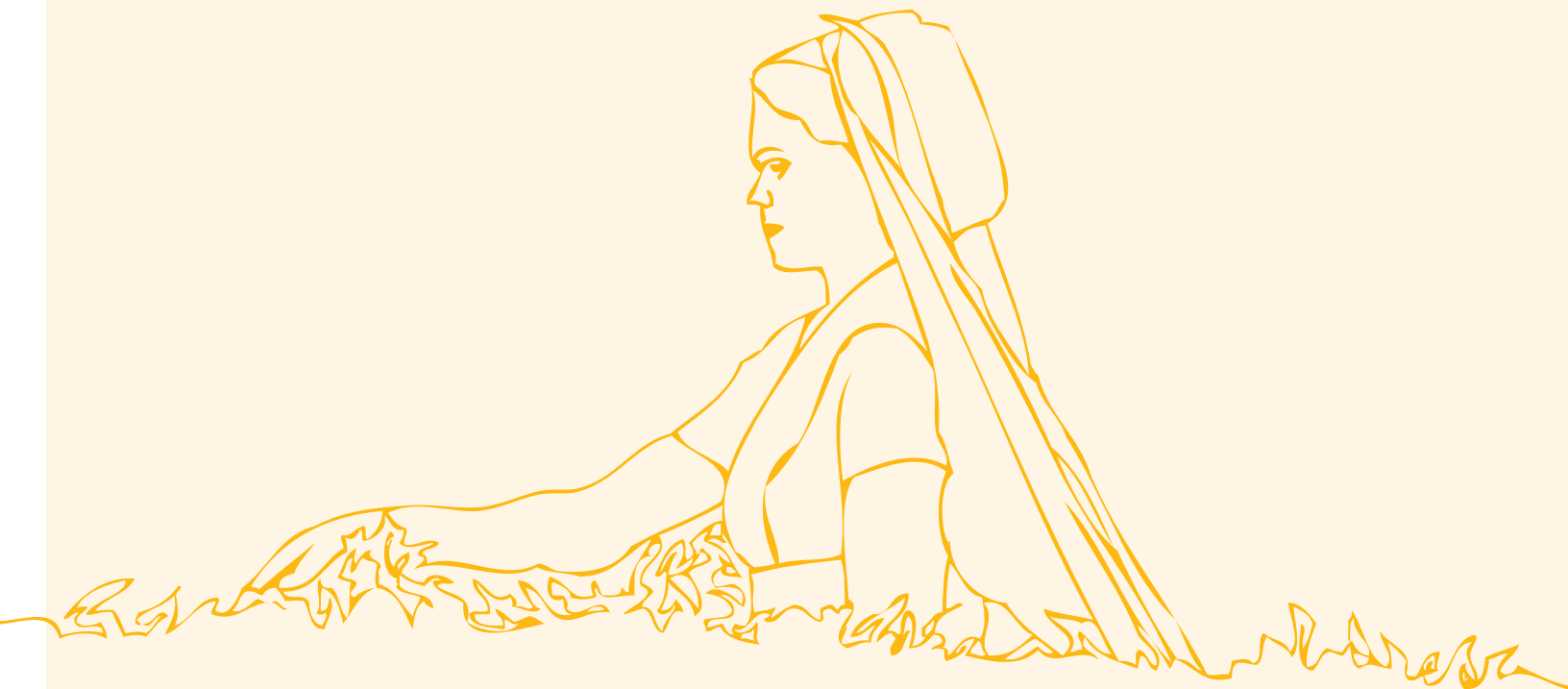
**Commitment:** US \$7.8 Million

In May 2012, the CAO Vice President informed IFC that the CAO was initiating a compliance appraisal of IFC's involvement in Tata Tea in India. IFC's investment was designed to help set up a company, Amalgamated Plantations Private Limited, to acquire and manage 24 tea plantations located in Assam and West Bengal previously owned by Tata Tea Limited (TTL), and implement a sustainable employee-owned plantation model in which the management and employees would have a significant shareholding.

The appraisal was triggered in the context of complaints made to IFC in January 2011 concerning Performance

Standard 2 by the International Union of Food, Agriculture, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), representing workers on APPL plantations. Concerns were raised about worker health and safety standards on two tea estates where violent protests and deaths had been reported.

From the perspective of the CAO's appraisal, the general question raised is whether IFC exercised due diligence in its review and supervision of environmental and social aspects of the project, particularly as they relate to industrial relations, and worker health and safety. At the time of writing, the case was being appraised.





World



# Multiregional

## Financial Intermediaries-01/CAO Vice President Request



IFC, Global Financial Markets; Compliance appraisal triggered by CAO Vice President in April 2011; Audit initiated in June 2011 and is ongoing; Open

### PROJECT INFORMATION

Institution: IFC  
Department: Global Financial Markets  
Sector: Financial Intermediaries

Region: World  
Environmental Category: FI

In February 2011, the CAO Vice President initiated an investigation into IFC's financial intermediaries (FIs), third-party entities through which IFC financing is channeled into private sector projects in developing countries and emerging markets. IFC financing to third-party entities such as banks, insurance companies, leasing companies, microfinance institutions, and private equity funds falls within its "financial sector," as opposed to IFC's direct investments in projects or project operators in the "real sector."

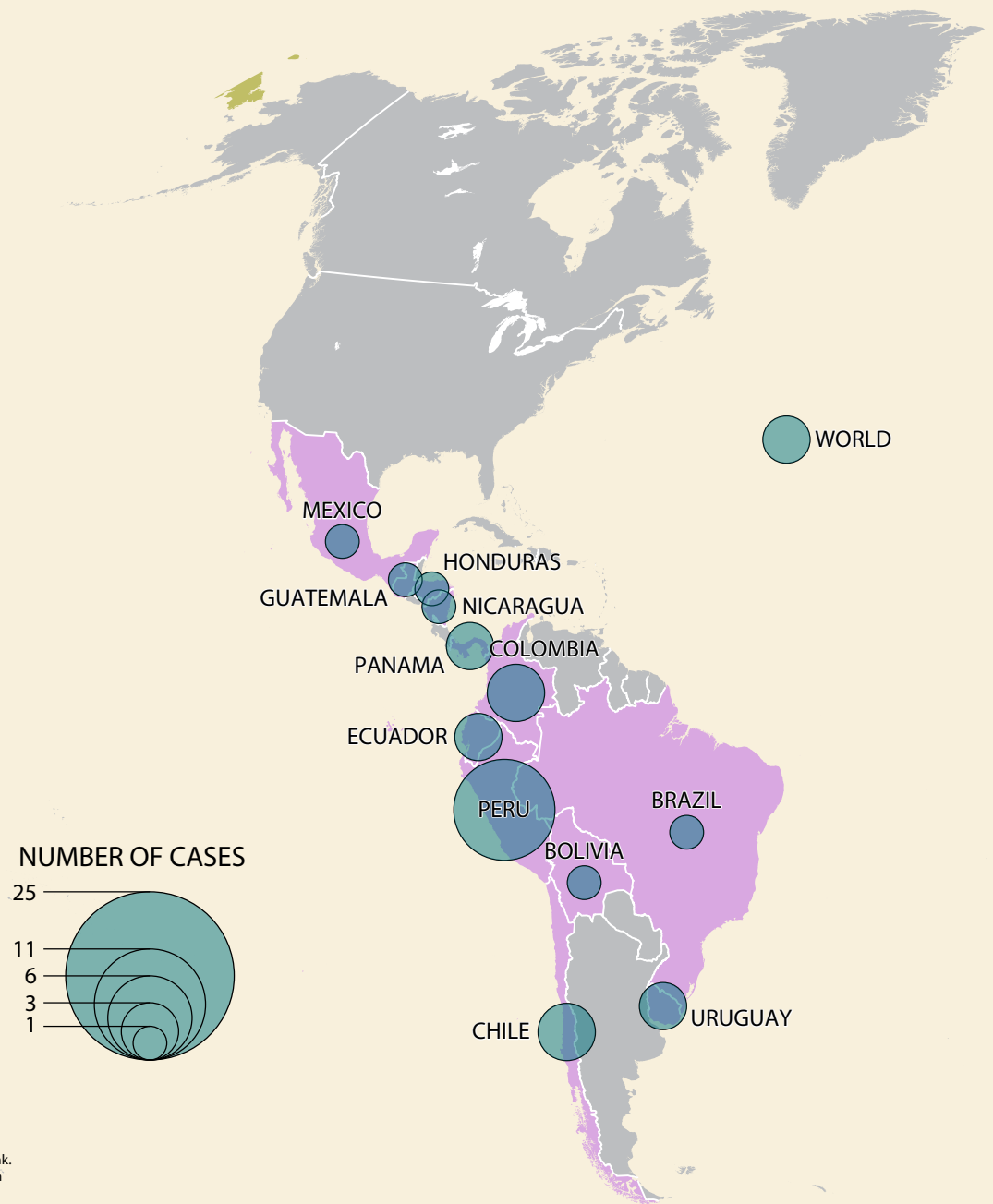
In the wake of the financial crisis, public scrutiny of the financial sector has been increasing. Given that financial sector investments constitute a large and growing part of IFC's portfolio (currently over 40 percent), a number of reports and inquiries outside the World Bank Group have questioned how IFC's environmental and social standards are applied and monitored in financial sector investments. Although most of the CAO's complaints are related to the real sector rather than the financial sector, data indicate that similar risks, harm, and possible grievances could potentially stem from IFC's financial sector activities. As a result of public concerns, and because it is difficult for external parties to bring these grievances directly to the CAO's attention, it was deemed necessary to look more closely at the IFC's less visible activities. Thus the CAO initiated an appraisal.

The appraisal, which focused on 844 FI investments made after IFC introduced its 2006 Sustainability Framework, was completed in June 2011, and found that IFC's environmental and social performance merited further inquiry in the form of an audit.

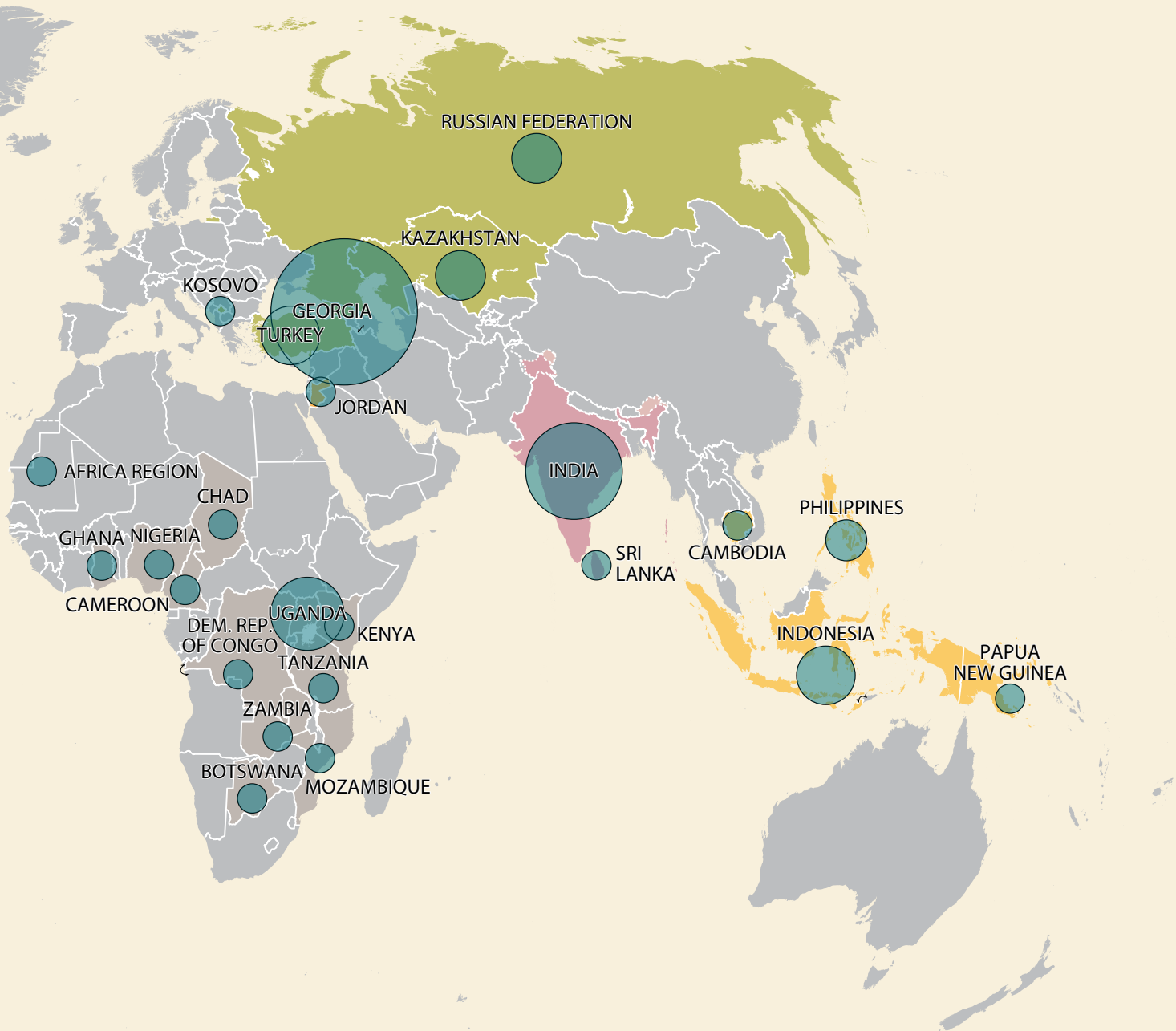
In the course of its audit, the CAO team travelled to 54 locations in 25 countries to conduct face-to-face interviews with IFC clients and staff related to 188 IFC FI investments. The CAO audit team is comprised of four independent experts: three independent professionals with relevant experience and background, and an independent consultant to provide assurance of the consistency of the audit approach. The team based its audit on a review of IFC documents, interviews with IFC staff and clients, staff of other development finance institutions with which IFC co-invests, and interviews with subclients. The final audit and IFC's response is expected to be shared with the President for clearance to disclose later in 2012.

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The CAO audit team travelled to 54 locations in 25 countries to conduct face-to-face interviews with IFC clients and staff related to 188 IFC financial intermediary investments.  
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# Appendix A. World Map of CAD Cases, FY 2000-12



IBRD 38100 SEPTEMBER 2012  
 This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of the World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



# Appendix B. Complaint Log, FY2000-12

Complaint	Date submitted	Eligible for assessment?	Ombudsman activities	Transfer to Compliance	Eligible for audit?	Compliance activities	Date case closed
<b>FY 2000</b>							
No complaints							
<b>FY 2001</b>							
Chile: Empresa Electrica Pangué S.A.-01/Upper Bio-Bio Watershed	Aug 2000	Yes	Settled	--	--	--	Jan 2005
Peru: Compañía Minera Antamina S.A.-01/Huarmey	Sep 2000	Yes	Assessed and transferred to Compliance	Sep 2000	Yes	Review	Jan 2005
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	Settled	--	--	--	Nov 2003
Jordan: Jordan Gateway Projects Co.-02/Bet Shean Valley	Jan 2001	Yes	Settled	--	--	--	Jan 2005
Peru: Yanacocha-02/Cajamarca	Mar 2001	Yes	Settled	--	--	--	Mar 2006
Nigeria: Niger Delta Contractor Revolving Credit Facility-01/Niger Delta	Jun 2001	Yes	Settled	--	--	--	Jan 2005
Uganda: Bujagali-02/Bujagali Falls	Jun 2001	Yes <sup>a</sup>	Settled	--	--	--	Jan 2005
<b>FY 2002</b>							
Uganda: Bujagali-03/Canada	Jul 2001	Yes	Settled	--	--	--	Jan 2005
Tanzania: Bulyanhulu Project-01/Kankola	Jan 2002	Yes	Settled	--	--	--	Jan 2005
India: Chemplast-01/Cuddalore District	Jun 2002	Yes	Settled	--	--	--	Jan 2005
<b>FY 2003</b>							
Chile: Empresa Electrica Pangué S.A.-02/Upper Bio-Bio Watershed	Jul 2002	Yes	Settled	--	--	--	Feb 2006
Bolivia: Comsur V-01/Bosque Chiquitano	Jun 2003	Yes	Assessed and transferred to Compliance	Nov 2003	Yes	Review	Jul 2004



<b>Complaint</b>	<b>Date submitted</b>	<b>Eligible for assessment?</b>	<b>Ombudsman activities</b>	<b>Transfer to Compliance</b>	<b>Eligible for audit?</b>	<b>Compliance activities</b>	<b>Date case closed</b>
<b>FY 2004</b>							
Zambia: Konkola Copper Mines Plc (KCM)-01/ Ming'omba and Kawama	Jul 2003	Yes	Settled after Assessment	--	--	--	Jan 2005
Georgia: BTC Pipeline-01/ Switzerland	Dec 2003	No	--	--	--	--	Dec 2003
Georgia: BTC Pipeline-02/ Rustavi	Mar 2004	Yes	Settled	--	--	--	Apr 2004
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	Settled	--	--	--	Feb 2005
Georgia: BTC Pipeline-07/ Dgvari	May 2004	Yes	Settled	--	--	--	Feb 2005
Georgia: BTC Pipeline-08/ Sagrasheni	May 2004	Yes	Settled	--	--	--	Feb 2006
Georgia: BTC Pipeline-09/ Tetrtskaro	May 2004	Yes	Settled	--	--	--	Feb 2005
Georgia: BTC Pipeline-10/ Tetrtskaro	May 2004	Yes	Settled	--	--	--	Jan 2007
Georgia: BTC Pipeline-11/ Tsikisjvari	May 2004	Yes	Settled	--	--	--	Jun 2006
Georgia: BTC Pipeline-12/Tba, Tsemi, Sadgeri	May 2004	Yes	Settled	--	--	--	Jan 2005
<b>FY 2005</b>							
Georgia: BTC Pipeline-13/ Tsalka	Jul 2004	Yes	Settled	--	--	--	May 2005
Georgia: BTC Pipeline-14/Vale	Aug 2004	Yes	Settled	--	--	--	Dec 2005
Kazakhstan: Lukoil Overseas-01/Berezovka	Sep 2004	Yes	Assessed and transferred to Compliance	Aug 2006	Yes	Audit	Apr 2009
India: AD Hydro Power Limited-01/Himachal Pradesh	Oct 2004	Yes	Settled	--	--	--	Mar 2008
Brazil: Amaggi Expansion-01/ IFC Executive Vice President request	--	--	--	Nov 2004	Yes	Audit	Jun 2005
Botswana: Kalahari Diamond-01/Kalahari	Nov 2004	Yes	Settled	--	--	--	Jun 2006
Georgia: BTC Pipeline-15/ Tetrtskaro	Dec 2004	Yes	Settled	--	--	--	Feb 2006
Georgia: BTC Pipeline-16/ Tetrtskaro	Dec 2004	Yes	Settled	--	--	--	Feb 2006

<b>Complaint</b>	<b>Date submitted</b>	<b>Eligible for assessment?</b>	<b>Ombudsman activities</b>	<b>Transfer to Compliance</b>	<b>Eligible for audit?</b>	<b>Compliance activities</b>	<b>Date case closed</b>
Georgia: BTC Pipeline-17/ Tadzrisi	Dec 2004	Yes	Settled	--	--	--	Jan 2007
Georgia: BTC Pipeline-18/ Tetrtskaro	Dec 2004	Yes	Settled	--	--	--	Feb 2006
Indonesia: Megaplast	Jan 2005	No <sup>a</sup>	--	--	--	--	Feb 2005
Guatemala: Marlin-01/ Sipacapa	Jan 2005	Yes	Settled	--	--	--	May 2006
Argentina: Holding Intergas S.A.	Mar 2005	No <sup>a</sup>	--	--	--	--	Mar 2005
Georgia: BTC Pipeline-19/ Atskuri	Apr 2005	Yes	Settled	--	--	--	Feb 2006
Georgia: BTC Pipeline-20/ Atskuri	Apr 2005	Yes	Settled	--	--	--	Feb 2006
Romania: BCR	May 2005	No <sup>a</sup>	--	--	--	--	May 2005
Turkey: BTC Pipeline-21/Posof	Jun 2005	Complaint withdrawn	--	--	--	--	Jul 2005
Georgia: BTC Pipeline-22/ Tsemi	Jun 2005	Yes	Settled	--	--	--	Jan 2007
Georgia: BTC Pipeline-23/ Tsemi	Jun 2005	Yes	Settled	--	--	--	Aug 2006
Peru: Compañía Minera Antamina S.A.-02/Huarmey	Jun 2005	Yes	Settled	--	--	--	May 2006
<b>FY 2006</b>							
Democratic Republic of Congo: Anvil Mining Congo, SARL-01/World Bank President Request	--	--	--	Jul 2005	Yes	Audit	Feb 2006
Yemen: Aden Free Zone Development	Jul 2005	No <sup>a</sup>	--	--	--	--	Jul 2005
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	Assessed and transferred to Compliance	Nov 2005	Yes	Audit	Mar 2006
Russian Federation: DeltaCredit Bank	Oct 2005	No <sup>a</sup>	--	--	--	--	Oct 2005
Georgia: BTC Pipeline-26/ Krtsanisi	Dec 2005	Yes	Assessed and transferred to Compliance	Jun 2006	No	Appraisal	Apr 2007
Pakistan: DG Khan-01/Kahoon	Dec 2005	No	--	--	--	--	Jan 2006
South Africa: African Bank	Dec 2005	No <sup>a</sup>	--	--	--	--	Jan 2006

<b>Complaint</b>	<b>Date submitted</b>	<b>Eligible for assessment?</b>	<b>Ombudsman activities</b>	<b>Transfer to Compliance</b>	<b>Eligible for audit?</b>	<b>Compliance activities</b>	<b>Date case closed</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	Settled	--	--	--	Aug 2006
Kenya: AEF Lesiolo Grain Handlers Limited-01/Nakuru	Apr 2006	No	--	--	--	--	Apr 2006
Southeast Asia: Gender Discrimination	May 2006	No <sup>a</sup>	--	--	--	--	May 2006
Georgia: BTC Pipeline-27/ Tbilisi	Jun 2006	Yes	Assessed and transferred to Compliance	Sep 2006	No	Appraisal	Apr 2007
India: Atul Ltd.-01/ Gujarat	Jun 2006	Yes	Settled	--	--	--	Jun 2007
Argentina: Cencosud	Jun 2006	No <sup>a</sup>	--	--	--	--	Jul 2006
<b>FY 2007</b>							
Argentina: Los Gigantes-Dioxitek	Jul 2006	No <sup>a</sup>	--	--	--	--	Aug 2006
Turkey: BTC Pipeline--28/ Adana & Ceyhan	Jul 2006	Yes	Settled	--	--	--	Feb 2007
Argentina: GEF Streetlight	Jul 2006	No <sup>a</sup>	--	--	--	--	Aug 2006
Georgia: BTC Pipeline-29/ Tsalka	Jul 2006	Yes	Settled	--	--	--	Jul 2007
United States: Microfinance Investment Vehicles	Oct 2006	No <sup>a</sup>	--	--	--	--	Oct 2006
India: Mahindra Farm Services--01/Confidential	Oct 2006	Yes	Assessed and transferred to Compliance	Mar 2008	No	Appraisal	Jun 2008
India: Mahindra Farm Services--02/Confidential	Oct 2006	Yes	Assessed and transferred to Compliance	Mar 2008	No	Appraisal	Jun 2008
Ghana: Kayogbo Youth Club	Oct 2006	No <sup>a</sup>	--	--	--	--	Nov 2006
Peru: Tecnosul-01/Ica	Nov 2006	No	--	--	--	--	Jan 2007
Netherlands: ABCI Investments	Jan 2007	No <sup>a</sup>	--	--	--	--	Jan 2007
Ethiopia: National Land Claims	Feb 2007	No <sup>a</sup>	--	--	--	--	Feb 2007
India: Mahindra Farm Services--03/Confidential	Feb 2007	Yes	Assessed and transferred to Compliance	Mar 2008	No	Appraisal	Jun 2008
India: Mahindra Farm Services--04/Confidential	Mar 2007	Yes	Assessed and transferred to Compliance	Mar 2008	No	Appraisal	Jun 2008
Kazakhstan: Lukoil Overseas-02/Berezovka	Apr 2007	Yes	Assessed and transferred to Compliance	Nov 2007	No	Appraisal	Jan 2008
Middle East: GAL	May 2007	No <sup>a</sup>	--	--	--	--	Jul 2007

Complaint	Date submitted	Eligible for assessment?	Ombudsman activities	Transfer to Compliance	Eligible for audit?	Compliance activities	Date case closed
<b>FY 2008</b>							
Indonesia: Wilmar-01/West Kalimantan	Jul 2007	Yes	Settlement in monitoring	Mar 2008	Yes	Audit in monitoring	Open
Brazil: Globalbix	Aug 2007	No <sup>a</sup>	--	--	--	--	Sep 2007
Georgia: BTC Pipeline-30/Vale	Aug 2007	Yes	Settled	--	--	--	Oct 2009
South Asia: Pakistan Banking	Sep 2007	No <sup>a</sup>	--	--	--	--	Oct 2007
India: Ramky-03/Gummidipoondi	Oct 2007	Yes	Assessed and transferred to Compliance	Mar 2008	No	Appraisal	Jun 2008
Russian Federation: Russkiy Mir II-01/Taman	Oct 2007	Yes	Assessed and transferred to Compliance	Jun 2008	No	Appraisal	Oct 2009
Bangladesh: IFC/BICF Employment	Dec 2007	No <sup>a</sup>	--	--	-- <sup>a</sup>	--	Feb 2008
Ecuador: Interagua-01/Guayaquil	Jan 2008	Yes	Settled	--	--	--	Jan 2011
Papua New Guinea: Digicel	Jan 2008	No <sup>a</sup>	--	--	--	--	Jan 2008
Russian Federation: Russkiy Mir II-02/Taman	Feb 2008	Yes	Assessed and transferred to Compliance	Aug 2008	No	Appraisal	Oct 2009
Kenya: Pan African Paper-01/Webuye	Feb 2008	Yes	Settled	--	--	--	Dec 2009
Georgia: BTC Pipeline-31/Naokhrebi	Feb 2008	Yes	Assessed and transferred to Compliance	Jun 2008	No	Appraisal	Nov 2008
Bolivia: Sinchi Wayra (formerly COMSUR)	Mar 2008	No <sup>a</sup>	--	--	--	--	May 2008
Nicaragua: Nicaragua Sugar Estate Limited-01/León and Chinandega	Mar 2008	Yes	Settlement in monitoring	--	--	--	Open
Costa Rica: Alterra	May 2008	No <sup>a</sup>	--	--	--	--	May 2008
Kazakhstan: Lukoil Overseas-03/Berezovka	May 2008	Yes	Assessed and transferred to Compliance	Apr 2009	No	Appraisal	Oct 2009
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	Settled	--	--	--	Jun 2010



Complaint	Date submitted	Eligible for assessment?	Ombudsman activities	Transfer to Compliance	Eligible for audit?	Compliance activities	Date case closed
<b>FY 2009</b>							
Bangladesh: RAK Ceramics	Aug 2008	No <sup>a</sup>	--	--	--	--	Sep 2008
Turkey: Standard Profil II-01/Duzce	Sep 2008	Yes	Settled	--	--	--	Jun 2012
Georgia: BTC Pipeline-32/Vale	Sep 2008	Yes	Settled	--	--	--	Oct 2009
Russian Federation: Russkiy Mir II-03/Taman	Sep 2008	Yes	Settled	--	--	--	Dec 2009
Turkey: Assan Aluminium-01/Dilovasi	Sep 2008	Yes	Settled	--	--	--	Aug 2010
Chile: Empresa Electrica Pangué S.A.-03/Mulchen	Oct 2008	No	--	--	--	--	Oct 2008
Indonesia: Wilmar-02/Sumatra	Dec 2008	Yes	Settled	--	--	--	Jun 2012
World: SN Power-01/CAO Vice President Request	--	--	--	Dec 2008	No	Appraisal	Jun 2010
Egypt: Makka Leasing	Mar 2009	No	--	--	--	--	Mar 2009
Serbia: Gemax & Lemna	Mar 2009	No <sup>a</sup>	--	--	--	--	Mar 2009
India: Crompton	May 2009	No	--	--	--	--	May 2009
Peru: Agrokasa-01/Ica	Jun 2009	Yes	Settled	Mar 2010	Yes	Audit in monitoring	Open
<b>FY 2010</b>							
Uruguay: Orion-02/Gualeguaychu	Aug 2009	Yes	Assessed and transferred to Compliance	Jan 2010	No	Appraisal	Mar 2010
Sri Lanka: Rainforest Ec lodge Linkages-01/Deniyaya	Aug 2009	Yes	Settled	--	--	--	Jun 2011
Chad-Cameroon: Chad-Cameroon Pipeline-01	Oct 2009	No <sup>a</sup>	--	--	--	--	Oct 2009
Pakistan: Twin City Centrum	Oct 2009	No	--	--	--	--	Oct 2009
United States: DTT	Oct 2009	No	--	--	--	--	Oct 2009
Chile: Aconcagua-01/Santa Barbara	Nov 2009	Yes	Settled	--	--	--	Jun 2010
Colombia: TCBuen-01/Buenaventura	Dec 2009	Yes	Settled	--	--	--	Nov 2010
Cambodia: Cambodia Airport II-01/Preah Shihanouk	Dec 2009	Yes	Ongoing case	--	--	--	Open
Panama: Pando Montelirio-01/Chiriquí	Jan 2010	Yes	Assessed and transferred to Compliance	Apr 2011	No	Appraisal	Feb 2012
Malaysia: Reges	Feb 2010	No <sup>a</sup>	--	--	--	--	Feb 2010
Togo: Heidelberg Cement	Feb 2010	No	--	--	--	--	Feb 2010
United States: TD Bank	Feb 2010	No	--	--	--	--	Feb 2010
Russian Federation: Quadriga Capital	Mar 2010	No <sup>a</sup>	--	--	--	--	Mar 2010

<b>Complaint</b>	<b>Date submitted</b>	<b>Eligible for assessment?</b>	<b>Ombudsman activities</b>	<b>Transfer to Compliance</b>	<b>Eligible for audit?</b>	<b>Compliance activities</b>	<b>Date case closed</b>
Peru: Maple Energy-01/Nuevo Sucre and Canaán	Apr 2010	Yes	Assessed and transferred to Compliance	Oct 2011	No	Appraisal	May 2012
Ethiopia: Coca-Cola Sabco	Apr 2010	No <sup>a</sup>	--	--	--	--	Jun 2010
<b>FY 2011</b>							
Indonesia: PT Weda Bay Nickel-01/Weda Bay	Jul 2010	Yes	Assessed and transferred to Compliance	Jun 2011	No	Appraisal	Oct 2011
Tajikistan: Giavoni	Jul 2010	No	--	--	--	--	Sep 2010
Turkey: Public Energy & Energy Efficiency Project	Jul 2010	No <sup>a</sup>	--	--	--	--	Jul 2010
Ghana: Tullow Oil, Kosmos Energy & Jubilee FPSO-01/CAO Vice President Request	Aug 2010	--	--	Aug 2010	No	Appraisal	Jun 2011
Mozambique: Mozal-01/Matola and Maputo	Oct 2010	Yes	Assessed and transferred to Compliance	Dec 2011	TBD	--	Open
Bangladesh: AK Khan WaterHealth-01/Dhaka	Nov 2010	No	--	--	--	--	Dec 2010
Mozambique: Africap Investment Fund	Dec 2010	No <sup>a</sup>	--	--	--	--	Dec 2010
Ecuador: Pronaca Expansion-01/Santo Domingo	Dec 2010	Yes	Assessed and transferred to Compliance	Jun 2011	No	--	Nov 2011
Uganda: Bujagali Energy-04/Bujagali	Mar 2011	Yes	Ongoing case	--	--	--	Open
Brazil: Anima Educacao	Mar 2011	No <sup>a</sup>	--	--	--	--	Apr 2011
Vietnam: Global CyberSoft	Apr 2011	No <sup>a</sup>	--	--	--	--	Apr 2011
World: Financial Intermediaries-01/CAO Vice President Request	Apr 2011	--	--	Jun 2011	Yes	--	Open
India: India Infrastructure Fund-01/Dhenkanal District	Apr 2011	Yes	Ongoing case	--	--	--	Open
Panama: Panama Canal Expansion-01/Lake Gatún	May 2011	Yes	Assessed and transferred to Compliance	Feb 2012	TBD	--	Open
Nigeria: Nun River Kolo Creek Oil Pipeline	May 2011	No	--	--	--	--	May 2011
Uganda: Bujagali Energy-05/Bujagali	May 2011	Yes	Ongoing case	--	--	--	Open
Cameroon: Chad-Cameroon Pipeline-02/Cameroon	May 2011	Yes	Ongoing case	--	--	--	Open
Georgia: BTC Pipeline-33/Vale	May 2011	Yes	Settled	--	--	--	Jan 2012
Sri Lanka: Sinharaja Forest	Jun 2011	No	--	--	--	--	Jun 2011
India: Tata Ultra Mega-01/Mundra and Anjar	Jun 2011	Yes	Assessed and transferred to Compliance	Feb 2012	TBD	--	Open

Complaint	Date submitted	Eligible for assessment?	Ombudsman activities	Transfer to Compliance	Eligible for audit?	Compliance activities	Date case closed
<b>FY 2012</b>							
Papua New Guinea: PNG SEZ-01/Madang Province	Jul 2011	Yes	Ongoing case	--	--	--	Open
Republic of Kosovo: KEK-01/Prishtina	Aug 2011	Yes	Assessed and transferred to Compliance	Jan 2012	Yes	Audit, on-going case	Open
Philippines: Mindoro Resources-01/Jabonga	Sep 2011	Yes	Assessed and transferred to Compliance	May 2012	TBD	--	Open
Chad: Chad-Cameroon Pipeline-03/Chad	Oct 2011	Yes	Ongoing case	--	--	--	Open
Indonesia: Wilmar Group-03/Jambi	Nov 2011	Yes	Ongoing case	--	--	--	Open
Colombia: Avianca-01/Bogota	Nov 2011	Yes	Assessed and transferred to Compliance	Jun 2012	TBD	--	Open
Peru: Quellaveco 01/Moquegua	Nov 2011	Yes	Ongoing case	--	--	--	Open
Mexico: Harmon Hall-01/Mexico	Dec 2011	Yes	Ongoing case	--	--	--	Open
USA: Manor Care Rossville	Dec 2011	No	--	--	--	--	Dec 2011
Uganda: Agri-Vie-01/Kiboga	Dec 2011	Yes	Ongoing case	--	--	--	Open
Uganda: Agri-Vie-02/Mubende	Dec 2011	Yes	Ongoing case	--	--	--	Open
Laos: Burapha	Feb 2012	No	--	--	--	--	Feb 2012
African Region: Africa Investco-01	Mar 2012	Yes	Ongoing case	--	--	--	Open
Honduras: Dinant Investment-01/CAO Vice President request	Apr 2012	--	--	Apr 2012	TBD	--	Open
India: Tata Tea-01/CAO Vice President Request	May 2012	--	--	May 2012	TBD	--	Open
Turkey: UHG-ADM-01/Turkey	May 2012	No	--	--	--	--	Jun 2012
Ukraine: MHP-01/Ukraine	May 2012	No	--	--	--	--	May 2012
Colombia: Eco Oro-01/Bucaramanga	Jun 2012	Yes	Ongoing case	--	--	--	Open
Madagascar: Ambatovy	Jun 2012	No	--	--	--	--	Jul 2012

Source: CAO compilations.

TBD—To be determined, as of June 30, 2012

a. The CAO assessed and handled any issues raised by the complainant that dealt with IFC/MIGA. 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.

## Appendix C. CAO Caseload, FY2000–12

Since its inception in 1999, the CAO has accepted 103 complaints and requests for audits spanning 37 countries (see figure C.1 and map, pp. 68–69). Eighty percent of the complaints relate to IFC's involvement in a project; 12 percent to IFC and MIGA together; and 8 percent to MIGA alone. Just over 50 percent of complaints to the CAO are filed by local civil society organizations acting on behalf of affected communities (see figure C.2). Individuals and community members have also filed complaints alone without assistance from other organizations. Analysis of the CAO's caseload data reveals patterns in the distribution of cases by sector and region, as well as the systemic environmental and social issues that predominate in complaints.

**Regional distribution:** Projects in Europe and Central Asia have accounted for 35 percent of complaints to the CAO since 1999. This number reflects a large number of complaints filed for one project: the Baku-Ceyhan-Tbilisi Pipeline. The Latin America region accounts for just over a quarter of CAO cases, and the share of cases from the Asia region has grown in recent years (see figure C.3). The CAO's experience from its caseload and outreach suggests that relatively larger shares of complaints from some regions compared to others typically reflects the level of mobilization of civil society, awareness of IFC/MIGA and the CAO, and size of the IFC/MIGA regional portfolio.

**Sector distribution:** Four industry sectors in the real sector—infrastructure, extractives, agribusiness, and manufacturing—have predominated in complaints to the CAO since 1999 (see figure C.4). The CAO attributes this pattern of complaints to the resource intensity of these industries, specifically intense uses of land, water, or both. A growing share of IFC's investments is in the financial sector. Since 2010, the CAO has received three complaints related to IFC's financial sector investments.

**Issues raised by complainants:** Impacts to natural resources are a predominant theme in complaints to the CAO since 1999: pollution is cited in 50 percent of

complaints; the CAO has handled 57 land-specific cases, making up about 56 percent of the total caseload; and concerns related to water have accounted for 45 percent of cases. Community health and safety concerns have been raised in 50 percent of cases. Socioeconomic issues are at the heart of three-quarters of complaints to the CAO. The underlying theme is the distribution of project benefits and how this affects community livelihoods. The majority of complaints cite concerns related to project processing and supervision (73 percent) and consultation and information disclosure (68 percent)—roles and responsibilities that are shared by IFC/MIGA and their clients (see figure C.5).

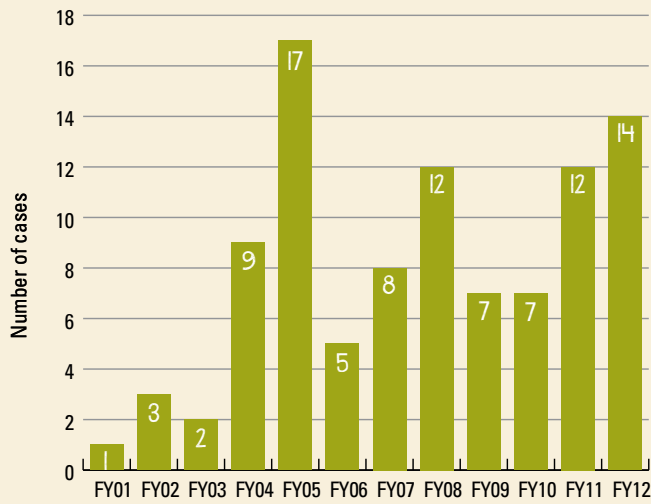
**Project categorization:** IFC projects are assigned a category of A, B, or C in descending order of environmental and social sensitivity, or FI, in the case of financial institutions that on-lend to clients whose activities may present environmental and social concerns. Fifty-nine percent of IFC projects cited in complaints to the CAO since 1999 have been Category A projects, which are classified as having potentially significant adverse social and/or environmental impacts. A further 32 percent of complaints related to Category B projects, with potentially limited adverse social and/or environmental impacts (see figure C.6).

**Case handling:** Fifty percent of cases handled by the CAO have been settled through an ombudsman/dispute resolution process since 2000 (not counting cases in an ongoing ombudsman process). An additional 35 percent of cases have been handled by CAO Compliance to assess IFC's/MIGA's environmental and social performance related to a project(s). Of this 35 percent, 10 percent of cases resulted in a full audit of IFC or MIGA (see figure C.7).

**Ineligible complaints:** The CAO has deemed 65 complaints ineligible for assessment since 1999. The majority did not fall within the CAO's social and environmental mandate, or were not IFC/MIGA projects. A large number of the complaints that fell outside of the CAO's mandate raised concerns about fraud and corruption. The CAO referred these complaints to the World Bank's Integrity Vice Presidency.

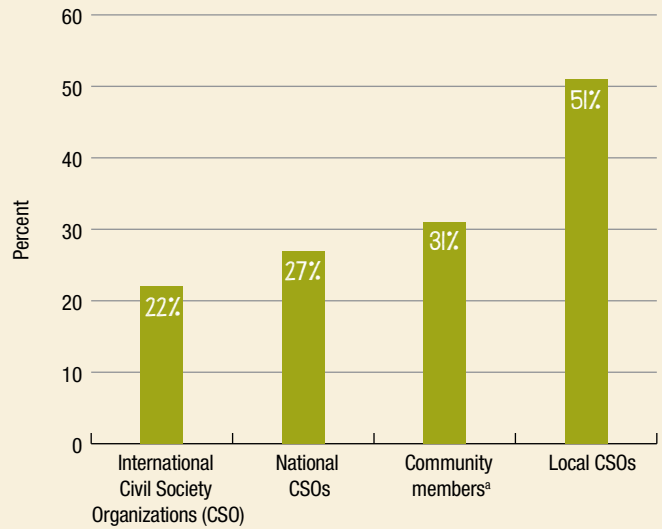


**Figure C.1. Eligible CAO Complaints, FY2000–12**



Source: CAO compilations.

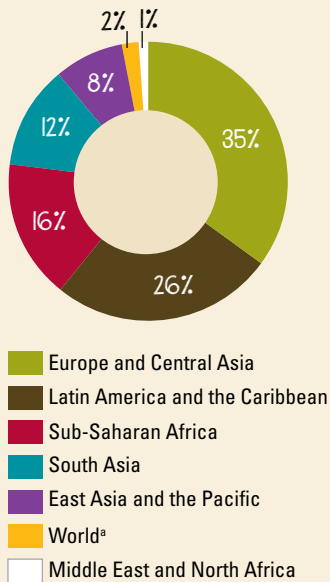
**Figure C.2. Signatories to Complaints, FY2000–12**



Source: CAO compilations.

a. All complaints to the CAO involve local community members. In some cases, international, national, or local CSOs file the complaint on behalf of local community members. Percentages add up to more than 100 percent because complaints are typically filed by more than one type of group.

**Figure C.3. CAO Cases by Region, FY2000–12**

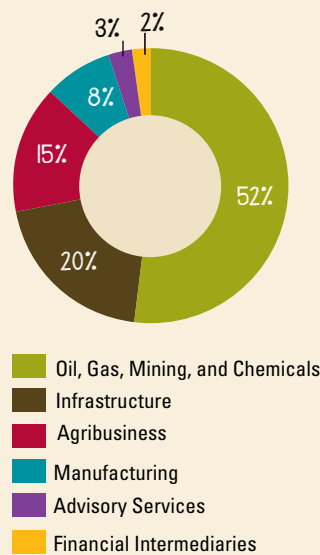


Source: CAO compilations.

Note: The CAO's compliance work related to financial intermediary projects is counted as one project.

a. The "world" category relates to compliance casework that spans two or more regions.

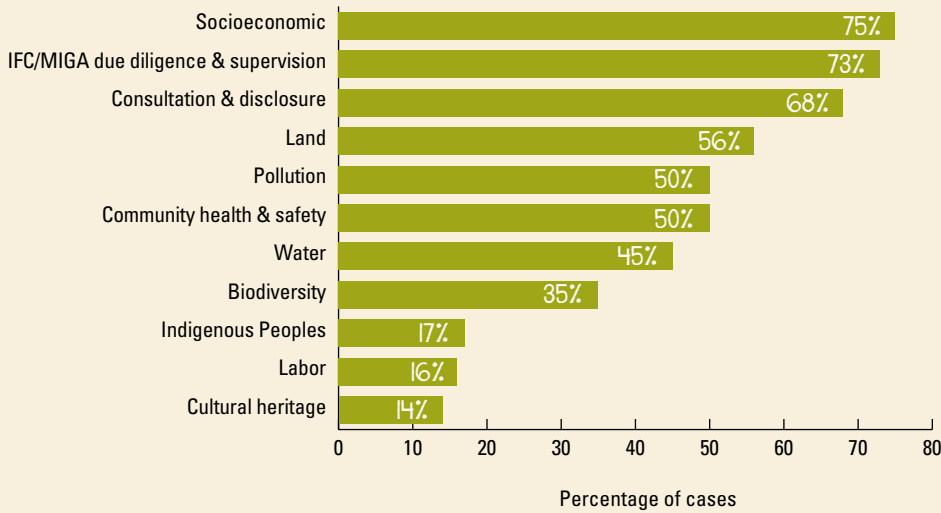
**Figure C.4. CAO Cases by Sector, FY2000–12**



Source: CAO compilations.

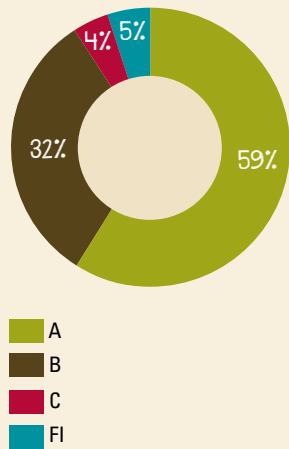
Note: The CAO's compliance work related to financial intermediary projects is counted as one project.

**Figure C.5. Issues Cited in Complaints to the CAO, FY2000–12**



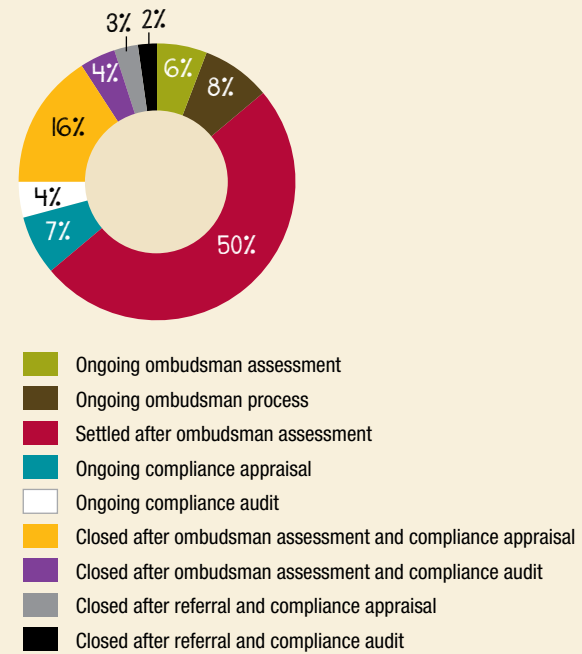
Source: CAO compilations.  
 Note: Percentages add up to more than 100 percent because some complaints involve more than one type of issue.

**Figure C.6. CAO Cases by Environmental Category, FY2000–12**



Source: CAO compilations.  
 Note: CAO's compliance work related to financial intermediary projects is counted as one project.  
 Category A: Projects expected to have significant adverse social and/or environmental impacts that are diverse, irreversible, or unprecedented.  
 Category B: Projects expected to have limited adverse social and/or environmental impacts that can be readily addressed through mitigation measures.  
 Category C: Projects expected to have minimal or no adverse impacts, including certain financial intermediary projects.  
 Category FI: Investments in financial intermediaries (FI) that themselves have no adverse social and/or environmental impacts but may finance subprojects with potential impacts.

**Figure C.7. Status of CAO Cases, FY2000–12**



Source: CAO compilations.  
 Ombudsman assessment: The dispute resolution specialist works with the parties to identify mutually agreeable solutions.  
 Ombudsman process: The parties have agreed to address concerns through a collaborative process, which is under way.  
 Ombudsman settlement: The parties' concerns were successfully addressed through a collaborative process.  
 Compliance appraisal: CAO Compliance evaluates whether a project warrants a full audit.  
 Compliance audit: A full audit of the project is carried out in relation to the issues raised in the complaint.

# Appendix D. Reports and Publications, FY2012

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

## Ombudsman Reports

### ASSESSMENT REPORTS

Fourth Complaint Regarding the Bujagali Energy Ltd. Project (IFC #24408 & MIGA #6732), Jinja, Uganda, December 2011  
(Case: Uganda/Bujagali Energy-04/Bujagali)

Fifth Complaint Regarding the Bujagali Energy Ltd. Project (IFC #24408 & MIGA #6732), Jinja, Uganda, December 2011  
(Case: Uganda/Bujagali Energy-05/Bujagali)

Complaint Regarding Concerns from Community Members about the Chad-Cameroon Petroleum Development and Pipeline Project (#11124), Cameroon, January 2012  
(Case: Cameroon/Chad-Cameroon Pipeline-02/Cameroon)

Complaint Regarding Advisory Services Kosovo KEK Project (#29107), Republic of Kosovo, January 2012  
(Case: Republic of Kosovo/KEK-01/Prishtina)

Complaint Regarding Community and Civil Society Concerns in Relation to IFC Tata Ultra Mega Project (#25797), Mundra, India, January 2012  
(Case: India/Tata Ultra Mega-01/Mundra and Anjar)

Complaint Regarding Panama Canal Expansion Project (IFC #26665), Panama Canal, February 2012  
(Case: Panama/Panama Canal Expansion-01/Gatún)

Complaint Regarding the Special Economic Zones (SEZ) Advisory Services Project (#564427), Madang Province, Papua New Guinea, March 2012  
(Case: Papua New Guinea/Special Economic Zones-01/Madang Province)

Complaint Regarding Community and Civil Society Concerns in Relation to IFC's Agri-Vie Fund Project (#27674), Kiboga (Luwanga), Uganda, May 2012  
(Cases: Uganda/Agri Vie Fund-01/Kiboga and Uganda/Agri Vie Fund-02/Mubende)

Complaint Regarding Concerns from Labor Unions on IFC's Investment in the Avianca Project (#25899), Colombia, May 2012  
(Case: Colombia/Avianca-01/Bogota)

Complaint Regarding Community and Civil Society Concerns in Relation to IFC's Mindoro Resources Project (#26987), Jabonga, the Philippines, June 2012  
(Case: The Philippines/Mindoro Resources-01/Jabonga)

### CONCLUSION REPORTS

Complaint Regarding the Mozambique Aluminum S.A.R.L. (MOZAL) Investment, IFC Mozal II Project (#10323), Mozambique, December 2011  
(Case: Mozambique/Mozal-01/Matola and Maputo)

Complaint Regarding the Baku Tbilisi-Ceyhan (BTC) Pipeline (Project #11251), Vale, Georgia, January 2012  
(Case: Georgia/BTC Pipeline-33/Vale)

CAO's Complaint Handling Process on the IFC-Supported Standard Profil Project in Turkey, June 2012  
(Case: Turkey/Standard Profil II-01/Duzce)

### OTHER REPORTS

Chronic Kidney Disease in Nicaragua: A Qualitative Analysis of Semi-Structured Interviews with Physicians and Pharmacists, Independent Report prepared by Boston University Research Team, December 2011  
(Case: Nicaragua: Nicaragua Sugar Estate Limited-01/León and Chinandega)

Cohort Pilot Study Report: Evaluation of the Potential for an Epidemiologic Study of the Association between Work Practices and Exposure and Chronic Kidney Disease at the Ingenio San Antonio (Chichigalpa, Nicaragua), Independent report prepared by Boston University Research Team (Ann Aschengrau, Daniel Brooks, Eloesa McSorley, Alejandro Riefkohl, Kate Applebaum, Juan Jose Amador, and Oriana Ramirez Rubio), January 30, 2012  
(Case: Nicaragua: Nicaragua Sugar Estate Limited-01/León and Chinandega)

Biological Sampling Report: Investigating Biomarkers of Kidney Injury and Chronic Kidney Disease among Workers in Western Nicaragua, Independent report prepared by Boston University Research Team (Michael McClean, Juan José Amador, Rebecca Laws, James S. Kaufman, Daniel E. Weiner, José Marcell Sánchez Rodríguez, Oriana Ramírez Rubio, and Daniel Brooks), April 26, 2012  
(Case: Nicaragua: Nicaragua Sugar Estate Limited-01/ León and Chinandega)

Biomarkers of Early Kidney Damage in Nicaraguan Adolescents, September–November 2011, Independent report prepared by Oriana Ramírez-Rubio, MD, MPH; Daniel Brooks, ScD; Juan José Amador, MD, MPH; James S. Kaufman, MD; Daniel E. Weiner, MD, MS; Chirag R Parikh, MD, PhD; Usman Khan, MD; Michael McClean, ScD; and Rebecca Laws, MPH, June 2012  
(Case: Nicaragua: Nicaragua Sugar Estate Limited-01/ León and Chinandega)

## Compliance Reports

### APPRAISAL REPORTS

Case of Procesadora Nacional de Alimentos C.A. (PRONACA) Pig and Poultry Farms, Santo Domingo, Ecuador, November, 2011  
(Case: Ecuador/Pronaca Expansion-01/Santo Domingo de los Tsachilas)

Case of Pando and Monte Lirio Hydropower, Panama Chiriqui Viejo River, Panama, January, 2012  
(Case: Panama/Pando Montelirio-01/Chiriquí)

Case of IFC's Advisory Services Project of Kosovo Energy Company (KEK), Republic of Kosovo, April 2012  
(Case: Republic of Kosovo/KEK-01/Prishtina)

Case of IFC's Investment in Maple Energy, Nuevo Sucre and Canaán, Peru, May 2012  
(Case: Peru/Maple Energy-01/Nuevo Sucre and Canaán)



CAO Vice President with a member of the CAO team in Nicaragua, June 2012.



# Appendix E. Funding, FY2012

The CAO's administrative budget covers the costs of staff salaries, consultants, travel, communications, contractual services, and other administrative expenses. In FY2012, the CAO's administrative budget was \$4,176,101 (see table E.1). The CAO's administrative budget is funded by IFC and MIGA on a cost-sharing basis. Fixed costs are shared by IFC and MIGA on a 50/50 basis. Variable costs are shared based on the ratio of time spent by CAO staff on each institution's business matters (see table E.2).

The CAO also has an agreement with IFC and MIGA whereby additional funds from a 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 (see table E.3). 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 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.

Table E.1. Administrative Budget, FY2012 (U.S. dollars)

Salaries	1,278,346
Consultants	763,631
Travel	704,641
Benefits	672,592
Contractual services	380,280
Temporaries	69,196
Publications	50,715
Communications and IT services	49,429
Representation and hospitality	10,022
Equipment and building services	2,778
Other expenses	403
<b>Total expenses</b>	<b>3,982,033</b>
<b>Current budget</b>	<b>4,176,101</b>

Source: CAO compilations.

Table E.2. IFC/MIGA Contribution to the Administrative Budget, FY2000–12 (U.S. dollars)

Fiscal year	IFC	MIGA	Total
FY2000	641,600	160,400	802,000
FY2001	1,096,800	262,500	1,359,300
FY2002	1,381,800	319,100	1,700,900
FY2003	1,794,900	374,800	2,169,700
FY2004	1,550,500	380,200	1,930,700
FY2005	1,573,800	392,100	1,965,900
FY2006	2,030,700	507,500	2,538,200
FY2007	2,135,300	523,400	2,658,700
FY2008	2,182,900	538,400	2,721,300
FY2009	2,899,900	407,000	3,306,900
FY2010	2,930,600	513,600	3,444,200
FY2011	2,941,911	634,434	3,576,345
FY2012	3,627,286	548,815	4,176,101
<b>Total</b>	<b>26,787,997</b>	<b>5,562,249</b>	<b>32,350,246</b>

Source: CAO compilations.

## Contingency Fund

The Environmental/Social Mediation and Conflict Resolution Contingency Fund supplements the CAO budget for extraordinary mediation and conflict resolution activities that extend over several years. This Fund was established in FY2003 in response to the creation of the multiyear mediation process following two complaints received against Minera Yanacocha in Peru. Allocations from the Fund are made by the CAO and are used to pay for the services of specialist mediators and related out-of-pocket expenses. CAO staff time and related expenses are not charged to the Fund.

The Contingency Fund is US\$1 million. When the Fund was established, IFC committed to contribute 80 percent (\$800,000) of the \$1 million, with MIGA contributing 20 percent (\$200,000) each year. To date, it has not been necessary for the CAO to access MIGA's 20 percent commitment. In FY2012, the CAO used \$706,836 from its Contingency Fund.

Table E.3. Contingency Fund, FY2003–12 (U.S. dollars)

<b>Fiscal Year</b>	<b>Total</b>
Direct contributions from IFC	
FY2004	317,500
FY2005	451,500
FY2006	352,900
FY2007	37,900
FY2008	319,100
FY2009	613,100
FY2010	768,000
FY2011	743,627
FY2012	706,836
Subtotal	4,310,463
Contributions from an IFC sponsor (Minera Yanacocha)	
FY 2003–06	3,231,000
<b>Total funds expended on multi-year mediation</b>	<b>\$7,541,463</b>

Source: CAO compilations.

## Appendix F. Staff



### **Meg Taylor, Compliance Advisor Ombudsman and Vice President**

Meg Taylor, a national of Papua New Guinea, received her LL. B from Melbourne University, Australia, and her LL.M from Harvard University, United States. She practiced law in Papua New Guinea and served 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. She is co-founder of Conservation Melanesia, was a member of the World Commission on Forests and Sustainable Development, and has served on the Boards of international conservation and research organizations. In addition, Meg Taylor has served as a board member of a number of companies in Papua New Guinea in the natural resources, financial, and agricultural sectors and boards of companies listed on the Australian Securities Exchange. She was appointed to the post of Vice President of the World Bank Group and the CAO in 1999, following a selection process led by civil society and industry.



### **Scott Adams, Specialist, Ombudsman**

A U.S. national, Scott has over 17 years of diverse domestic and international experience in providing dispute resolution, management consulting, and training services. His clients and industry experience include the nonprofit sector, government, higher education, utilities, health care, biotechnology, transportation, and international development. Before joining the CAO, Scott founded and managed a private mediation and consulting practice. He has also served in senior positions at Search for Common Ground and CDR Associates, and was formerly an Associate in Booz Allen Hamilton's Organization and Strategy Practice. Scott received his B.A. in Political Science and Russian from Emory University, and an LL.M in Public International Law from Leiden University, the Netherlands.



### **Daniel Adler, Specialist, Compliance**

Before joining the CAO, Daniel worked in social development with the World Bank in the East Asia and the Pacific region. His work has focused on fragile and postconflict countries, where he has covered issues including land management, resettlement, labor relations, social accountability, and justice reform. He is a Barrister and Solicitor of the Supreme Court of Victoria and holds degrees in law and social sciences from the University of Melbourne, Australia.



### **Charity Agorsor, Consultant Services Assistant**

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



**Gina Barbieri, Senior Specialist, Ombudsman**

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



**Julia Gallu, Specialist, Ombudsman**

A German national, Julia Gallu was a sustainability risk manager at Swiss Reinsurance Company in Zurich, Switzerland, where she helped develop sustainability risk management policies before joining the CAO. 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 M.A. in International Relations from the Johns Hopkins School of Advanced International Studies (SAIS), and a M.A. Joint Honours in Politics and Economics from the University of Edinburgh, Scotland.



**Emily Horgan, Specialist, Communications and Outreach**

A British national, Emily Horgan is a communications specialist with expertise in social and environmental issues. Emily manages the CAO's communications and outreach program to civil society and other stakeholders. Before joining the CAO, Emily worked for the World Bank Group Extractive Industries Review and IFC's Environment and Social Development Department, as well as in the areas of operations evaluation, sustainability reporting, HIV/AIDS, and the Millennium Development Goals. Formerly, Emily worked for the *Financial Times* in London. Emily holds a M.A. in International Relations from the Johns Hopkins School of Advanced International Studies (SAIS), and a B.A. Joint Honours in Politics and History from the University of Durham, England.



**Henrik Linders, Principal Specialist, Compliance**

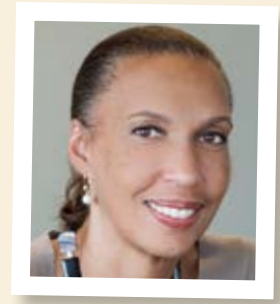
A Swedish national, Henrik Linders has a professional background in private sector project compliance and corporate risk. Before joining the CAO, Henrik served as an advisor for infrastructure projects in Africa, South Asia, Europe, and the Americas, creating strategies and performing audits for companies 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. Henrik received his M.S. in Engineering from the Norwegian Institute of Technology.





**Abisola Odutola, Research Analyst**

Abisola is a Nigerian national with environmental consultancy experience in various sectors, including the oil & gas, metal production, chemical manufacturing, food processing and production, and power generation industries. Before joining the CAO, Abisola worked in the United Kingdom as an environmental consultant on a range of projects involving environmental compliance, environmental permitting, site protection monitoring programs, site investigation, environmental impact assessment, environmental legislation review, Best Available Techniques (BAT) assessments, and due diligence audits. Abisola received her MSc. in Environmental Technology (Water Management) from Imperial College London and a BSc. in Geology from the University of Ibadan.



**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.



**Andrea Repetto Vargas, Specialist, Ombudsman**

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 a country lawyer for Brazil. She earned her law degree from University Diego Portales in Chile, and a LL.M in International and Comparative Law from the George Washington University Law School.



**Susana Rodriguez, Operations Analyst**

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

## In Memoriam:

# Rosemary Thompson-Lewis



Rosemary, left, pictured with her husband and her mother.

It is with deep regret that we announce the death of our colleague, Rosemary Thompson Lewis, on April 19, 2012. Rosie—or “Peaches,” as she was fondly called—brought a rich and eclectic life to the CAO, along with a never-failing spirit and a deep commitment to her work. A native of Washington, DC, she earned a Bachelor of Science degree in dance and dramatic arts, with a minor in speech, from Emerson College in Boston, and was a member of the Dance Theatre of Boston. Rosie joined the Legal Department of the World Bank Group in 1999. She moved to the Office of the CAO in 2001, where she remained working until the time of her death.

Rosie was one of the pioneers of the CAO Office and was steadfast in her dedication to the CAO’s mission and the communities it serves. She was the face of the CAO when people walked in the door, striking an elegant, warm, and welcoming figure to all who met her. She worked directly with the CAO’s ombudsman team, but many who worked with the CAO over the years saw Rosie as the “glue” that held the Office together, with her big heart and constant willingness to help where it was needed most. Rosie’s vivacious sense of humor was coupled with the world’s biggest smile—and a pout when something didn’t work out that would make her colleagues laugh.

Dance was Rosie’s passion. A trained dancer whose name had been up in lights on Broadway and Paris, she continued to dance throughout her life. She was the Director of Cultural Arts and a choreographer for her church. Her natural poise and grace were evident in everything she did, and she faced life’s challenges with great courage: most of all, during her two-year battle with breast cancer. Rosie embraced her illness and shared her experience with her typically positive outlook and contagious energy that inspired and humbled all those around her. Rosie reminded everyone that life, while precious, should not be taken too seriously, and that a sense of fun is important at work and play. Above all, Rosie loved her community: her family, her church, her friends, and her colleagues. Ever kind, loving, and spiritual, she was held dear by many.

Our deepest sympathy is extended to her husband, John Lewis; son, Percy Elhosseine; daughters, Leslie and Kim Elhosseine; mother, Mamie Watson; two sisters and two grand-daughters; as well as other members of her family. She will be greatly missed and always remembered.

# Appendix G. Strategic Advisors

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

<b>Ray Albright</b>	Managing Director, AMB International Finance, LLC
<b>Glen Armstrong</b>	Independent Advisor
<b>Antonia Chayes</b>	Visiting Professor of International Politics and Law, Tufts University
<b>David Hunter</b>	Professor of Law and Director of the International Legal Studies Program, Washington College of Law, The American University
<b>Manuel Rodríguez Becerra</b>	Professor of Environmental Policy and Public Management, Universidad de los Andes, and Former Minister of Environment, Colombia
<b>Lori Udall</b>	International Public Policy and Development Consultant
<b>Susan Wildau</b>	Partner, CDR Associates



# Appendix H. Independent Accountability Mechanisms

The Independent Accountability Mechanisms (IAMs) were set up in response to increased public pressure for greater accountability and transparency of the international financial institutions. The IAMs were founded with similar mandates: to provide recourse for people who believe they have been harmed by the projects of these institutions when the application of operational standards are perceived to have failed. While the mechanisms differ in the way they

process complaints, they all provide an independent body to investigate compliance issues and publicly address social and environmental concerns raised by project-affected communities. Where relevant, the CAO coordinates complaint handling with the IAMs. Should the CAO receive a complaint relating to a project under the purview of another IAM, the CAO will make efforts to forward the complaint to the correct body.

<b>International Financial Institution</b>	<b>Independent Accountability Mechanism</b>
African Development Bank (AfDB)	Compliance Review and Mediation Unit
Asian Development Bank (ADB)	Office of the Special Project Facilitator and Office of the Compliance Review Panel
European Bank for Reconstruction and Development (EBRD)	Independent Recourse Mechanism
European Investment Bank (EIB)	The Inspector General Complaints Office
European Union (EU)	European Ombudsman
Inter-American Development Bank (IDB)	Independent Consultation and Investigation Mechanism
International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA)	Office of the Compliance Advisor Ombudsman (CAO)
Japan Bank for Regional Cooperation (JBIC)	Office of Examiner for Environmental Guidelines
Nippon Export and Investment Insurance (NEXI)	Office of Examiner for Environmental and Social Considerations Guidelines
United States Overseas Private Investment Corporation (OPIC)	Office of Accountability
World Bank Group International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA)	Inspection Panel



IAM representatives and friends at the Rio+20 Summit, Brazil, June 2012.



# Appendix I. IFC and MIGA Policies

The following resources define the roles and responsibilities of IFC and MIGA and their client companies. The CAO considers these documents, among others, when it conducts a compliance appraisal or audit.

## **IFC Sustainability Framework**

The updated 2012 version applies to all investment and Advisory Services clients whose projects go through IFC's initial credit review process after January 1, 2012. The 2006 edition of IFC's Sustainability Framework applies to investments that went through IFC's initial credit review process from February 2006 to December 31, 2011. Investments made before February 2006 are subject to the Safeguard Policies (see list below).

## **IFC Policy on Environmental and Social Sustainability** (January 2012)

IFC's Sustainability Policy defines IFC's responsibilities in supporting project performance in partnership with clients.

## **IFC Performance Standards on Social and Environmental Sustainability** (January 2012)

IFC's Performance Standards (PS) define clients' roles and responsibilities for managing their projects and the requirements for receiving and retaining IFC support.

They include:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety, and Security
- PS5: Land Acquisition and Involuntary Resettlement
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS7: Indigenous Peoples
- PS8: Cultural Heritage

## **IFC Access to Information Policy** (January 2012)

IFC's Policy on Disclosure of Information defines its obligations to disclose information about itself and its activities.

## **MIGA Policy on Social and Environmental Sustainability** (October 2007)

## **MIGA Performance Standards on Social and Environmental Sustainability** (October 2007)

## **World Bank Group Environmental, Health, and Safety (EHS) Guidelines**

The EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP), as defined in IFC's Performance Standard 3 on Pollution Prevention and Abatement. Performance Standard 3 requires IFC clients to follow the EHS Guidelines.

## **General EHS Guidelines**

The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. They are designed to be used together with the relevant industry sector guideline(s).

## **Industry Sector Guidelines**

Agribusiness/Food Production  
Chemicals  
Forestry  
General Manufacturing  
Infrastructure  
Mining  
Oil and Gas  
Power

**IFC's Policy on Social and Environmental Sustainability**  
(April 2006)

**IFC's Performance Standards on Social and Environmental Sustainability** (April 2006)

- PS1: Social and Environmental Assessment and Management Systems
- PS2: Labor and Working Conditions
- PS3: Pollution Prevention and Abatement
- PS4: Community Health, Safety and Security
- PS5: Land Acquisition and Involuntary Resettlement
- PS6: Biodiversity Conservation and Sustainable Natural Resource Management
- PS7: Indigenous Peoples
- PS8: Cultural Heritage

**Safeguard Policies** (before February 2006)

Child and Forced Labor Policy Statement (March 1998)  
Cultural Property (OP 11.03, September 1986)  
Environmental Assessment (OP 4.01, October 1998)  
Forestry (OP 4.36, November 1998)  
Indigenous Peoples (OP 4.20, September 1991)  
International Waterways (OP 7.50, November 1998)  
Involuntary Resettlement (OP 4.30, June 1990)  
Natural Habitats (OP 4.04, November 1998)  
Pest Management (OP 4.09, November 1998)  
Safety of Dams (OP 4.37, September 1996)

**Disclosure Policies**

IFC's Disclosure Policy (September 1998) was replaced by the revised IFC Policy on Disclosure of Information in April 2006, which was replaced by the IFC Access to Information Policy in January 2012.

MIGA's former Disclosure Policy was replaced by the revised MIGA Policy on Disclosure of Information in October 2007.

For more information, see IFC's Web site: [www.ifc.org/enviro](http://www.ifc.org/enviro) and MIGA's Web site: [www.miga.org/policies](http://www.miga.org/policies)

# Appendix J. Filing a Complaint

## Frequently Asked Questions about Filing a Complaint

### WHO CAN SUBMIT A COMPLAINT?

Any individual, group, community, or other party can submit a complaint to the CAO if they believe they are, or may be, affected by an IFC or MIGA project(s). A representative or organization may submit a complaint on behalf of those affected.

### WHAT TYPES OF COMPLAINTS ARE ACCEPTED?

To be eligible for assessment, complaints must meet the following three eligibility criteria; the complaint pertains to a project that IFC/MIGA is participating in or actively considering, the issues raised pertain to environmental and social impacts of IFC/MIGA investments, and the complainant (or authorized representatives) may be affected if the social and/or environmental impacts raised in the complaint occurred.

### WHAT TYPES OF COMPLAINTS ARE NOT ACCEPTED?

The CAO cannot accept complaints that do not meet the three eligibility criteria. If complaints relate to the projects of other international financial institutions (not IFC or MIGA), the CAO endeavors to direct the complainant to the appropriate Independent Accountability Mechanism (see appendix H).

The CAO will direct complaints relating to fraud and corruption to the World Bank Office of Institutional Integrity (INT). The CAO also cannot review complaints related to IFC and MIGA procurement decisions, nor does the Office accept complaints that are viewed as malicious, trivial, or generated to gain competitive advantage.

### WHAT EVIDENCE IS NEEDED TO SUPPORT A COMPLAINT?

Complainants do not need to submit supporting evidence to make a complaint. However, additional material is welcome, whether submitted at the time or after a complaint is lodged with the CAO.

### CAN COMPLAINANTS REQUEST CONFIDENTIALITY?

The CAO takes confidentiality seriously and, if requested, will not reveal the identity of the complainant(s). Where confidentiality is requested, a process for handling the

complaint will be agreed jointly between the CAO and the complainant(s). In addition, materials submitted on a confidential basis by the complainant(s) will not be released without their consent. Anonymous complaints will not be accepted.

### WHAT HAPPENS AFTER A PARTY HAS FILED A COMPLAINT?

The CAO will acknowledge receipt of the complaint in the language in which it was received. Within 15 working days (not counting the time required to translate complaints and supporting documents), the CAO will inform the complainant(s) whether the complaint is eligible for further assessment. If eligible, the complainant will receive information explaining how the CAO will work with the parties to help address the issues of concern, and a CAO specialist will contact the complainant(s) personally.

### HOW DOES THE COMPLAINT HANDLING PROCESS WORK?

The CAO follows a specific procedure for every complaint and is committed to addressing complaints in a timely manner (see p. 12). If a complaint meets the CAO's three eligibility criteria:

- CAO Ombudsman first works with the complainant, project sponsor, and other local stakeholders to determine whether the parties together can reach a mutually agreeable solution to the issues raised.
- If the parties are unwilling or unable to reach agreement on how to resolve an issue, CAO Compliance undertakes an appraisal of IFC/MIGA's compliance with relevant social and environmental policies and guidelines to determine whether an audit is warranted.

### WHAT DOES THE CAO OMBUDSMAN DO?

CAO Ombudsman conducts an assessment of the situation, and assists the parties in determining the best alternatives for resolving a complaint. CAO Ombudsman does not make a judgment about the merits of a complaint, nor does it impose solutions or find fault. Our specialists work together with the parties to identify alternative approaches and strategies for addressing the issues. This could involve joint fact-finding, facilitating discussions between key stakeholders, mediating

disputes between parties, or establishing a dialogue table or joint monitoring program. CAO specialists are trained in alternative dispute resolution (ADR), with expertise in conflict assessment, mediation, and multiparty facilitation. We work with independent mediators who have country-specific experience and who specialize in facilitation and consensus building around development projects.

### WHAT DOES CAO COMPLIANCE DO?

If resolution of a complaint is not possible with our Ombudsman, CAO Compliance takes over the case. The rationale for this “compliance check” is to assess whether issues raised in the complaint raise questions about IFC or MIGA’s social and environmental due diligence on the relevant project. The CAO conducts an appraisal to determine if an audit of IFC/MIGA is necessary. If the decision is made to continue with an audit, an independent panel is convened to conduct an investigation of the issues. Findings are publicly disclosed. The CAO monitors implementation of recommendations until the project is back in compliance. Importantly, compliance audits focus on IFC and MIGA—not the project sponsor (the private sector client that received support from IFC/MIGA).

### HOW AND WHERE DO I FILE MY COMPLAINT?

Complaints must be submitted in writing. They may be in any language. Complaints can be sent by e-mail, fax, or mail/post, or delivered to the Office of the CAO in Washington, DC. For guidance on how to write a complaint, see the Model Letter of Complaint (p. 95).

#### Office of the CAO

2121 Pennsylvania Avenue, NW  
Washington, DC 20433 USA  
Tel: + 1 202 458 1973  
Fax: + 1 202 522 7400  
e-mail: [cao-compliance@ifc.org](mailto:cao-compliance@ifc.org)  
[www.cao-ombudsman.org](http://www.cao-ombudsman.org)





# Model Letter of Complaint to the CAO

To:

Office of the Compliance Advisor Ombudsman  
International Finance Corporation  
2121 Pennsylvania Avenue NW  
Washington, DC 20433 USA  
Fax: +1 202 522 7400  
e-mail: cao-compliance@ifc.org

Date:

I/we, lodge a complaint concerning the \_\_\_\_\_ project, located in \_\_\_\_\_.

This complaint is made on behalf of \_\_\_\_\_ (ignore if not applicable).

I/we live in the area known as \_\_\_\_\_ (show on an attached map if possible).

I/we can be contacted through the following address, telephone and fax numbers, and e-mail:

Street address: \_\_\_\_\_

Mailing address (if different from street address): \_\_\_\_\_

Country and postal code: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_

I/we do not wish our identity to be disclosed (ignore if not applicable).

I/we have been, or are likely to be affected by social or environmental impacts of the project in the following way(s):

If possible, please provide the following information:

- A description of the name, location, and nature of the project (provide a map, if possible)
- A description of the action taken by me/us to try to resolve these issues (include dates or time frame, if possible)
- A list of other person(s) contacted by me/us in attempting to resolve these issues (attach copies of correspondence, if possible)
- Any other relevant facts to support this complaint.

In addition, please answer the following question:

- I/we would like to see this complaint resolved in the following way: (The CAO cannot guarantee to help the complainant achieve this result, but this information will help focus on problem-solving approaches.)

Attach copies of any relevant documents and other material.

Note: The CAO will keep the identity of complainants confidential if requested to do so, but will not accept anonymous complaints. Material may also be submitted on a confidential basis to support a complaint and will not be released without the consent of the party that submitted it.

Complainants should be aware that other affected parties, including the sponsor and IFC/ MIGA staff, will usually be informed about the substance of the complaint. Complainants should identify to the CAO from the start any information that complainants do not wish to be disclosed. A process for handling the complaint will be agreed with the complainant.

## More Information

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

## Contact Us

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

Compliance Advisor Ombudsman (CAO)  
2121 Pennsylvania Avenue, NW  
Washington, DC 20433 USA  
Telephone: + 1 202 458 1973  
Fax: + 1 202 522 7400  
e-mail: [cao-compliance@ifc.org](mailto:cao-compliance@ifc.org)  
Web: [www.cao-ombudsman.org](http://www.cao-ombudsman.org)  
Facebook: [www.facebook.com/CAOOffice](http://www.facebook.com/CAOOffice)

Contributors: The CAO team, Carissa Western, David Atkins,  
Juan Dumas, and Nancy Morrison  
Design: Studio Grafik, Leesburg, Virginia  
Printing: Master Print, Inc., Newington, Virginia

This publication is printed on XXXXXXXXXXXXXXXXXXXX

The paper was manufactured using XXXXXXXXXXXXXXXX.

The paper is certified by XXXXXXXXXXXXXXXXXXXX

Printed with XXXXXXXXXXXXXXXX inks.

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Back cover illustration: Community members attend meeting  
with the CAO, Chad, March 2012.





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