

## IFC Board Approves Two Landmark Action Plans in Response to CAO Investigations

The IFC Board of Executive Directors has approved two IFC Management Action Plans (MAP) in response to recent CAO compliance investigations in Panama and the Philippines. Both plans mark IFC's enhanced commitments under the new CAO Policy to provide remedial actions to address CAO non-compliance findings and related harm. In both cases, IFC will submit progress MAP implementation reports to the Board. CAO will publish IFC progress reports and CAO monitors to verify the effective implementation of IFC's action plans.

In the **Philippines**, CAO's [investigation](#) identified non-compliance by IFC in its appraisal and supervision of environmental and social risks emerging from its investments in Rizal Commercial Banking Corporation (RCBC), a large commercial bank. The investigation looked



CAO Director General, Janine Ferretti, during the IFC Board of Directors meeting on RCBC case on April 7, 2022. Photo Credit: CAO

at how IFC applied its environmental and social requirements to RCBC and how the company applied those requirements to 10 coal-fired power plants it financed in the Philippines and one plant it committed to finance.

Continued on next page

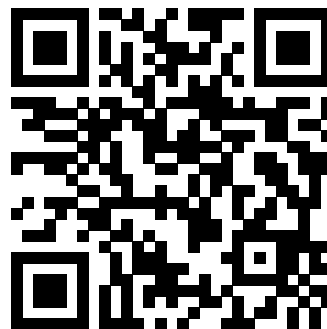
### IN THIS ISSUE

IFC Board approves Landmark Action Plans in Response to CAO investigations in Panama and the Philippines

Assessment completed: Complaints related to Financial Intermediary (FI) projects in Cambodia

Engaging civil society in Nepal and the Balkans

Quarterly Snapshot of our Caseload



TO DOWNLOAD  
THIS, AND ALL OUR  
NEWSLETTERS:

CLICK HERE OR  
SCAN QR CODE

**"The Management Action Plan promises to improve the ability of IFC's client to apply IFC's environmental and social standards to its borrowers moving forward"**

— *Janine Ferretti, CAO Director-General*

CAO's investigation was prompted by a complaint from communities living near the power plants. They raised concerns about serious environmental and social harms arising from the plants and their contribution to global climate change.

CAO found that shortcomings in IFC's review and supervision contributed to RCBC supporting the development and expansion of the power plants without assurance that they would operate in accordance with IFC's Performance Standards. This includes requirements to quantify and reduce greenhouse gas (GHG) emissions. CAO concluded that the plants financed by RCBC are likely to have significant adverse impacts on local communities and the environment, as raised in the complaint.

[IFC's Management Action Plan](#), developed in agreement with RCBC and after consultation with the complainants, was approved by the Board in April 2022. It outlines actions to strengthen the company's environmental and social management system, and address the impacts of the power plants and their GHG emissions.

Read the [press release](#) and access the investigation report in [English](#) and [Filipino](#) and [IFC's Management Response](#) on CAO's website.

**In Panama**, CAO's [investigation](#) found that IFC's advice to Empresa de Transmisión Eléctrica, S.A. (ETESA), Panama's state-owned electricity transmission company, was not fully consistent with IFC's Performance Standards. Specifically,

there were shortcomings in IFC's advice related to the process for Free, Prior, and Informed Consent (FPIC) and engagement with Indigenous Peoples for a proposed transmission line project (PL IV) along the Atlantic coast of Panama.

The investigation responds to a complaint from community members alleging that communities and their representatives have been excluded from the FPIC consultation process for the PL IV project. They also claim they lack access to project information, particularly in their local Indigenous languages. They said that some Indigenous communities have not been consulted about the project's potential impacts.

**"We acknowledge the concerns of the communities reflected in the report and agree with CAO's recommendations. We will continue to support ETESA to make the improvements outlined in the action plan,"**

— *said Stephanie von Friedeburg, IFC Senior Vice President of Operations*

IFC's [Management Action Plan](#) and additional IFC commitments, approved by the Board in June 2022, include actions to ensure that the project's environmental and social impact assessment, FPIC process, and ongoing stakeholder engagement with impacted Indigenous communities is consistent with IFC's Performance Standards.

Read the [press release](#) and access the investigation report in [English](#) and [Spanish](#), and IFC's Management response available in [English](#) and [Spanish](#).

**CLICK HERE**

**For more on CAO's Compliance work**

# Assessment Completed: Complaints Related to Financial Intermediary (FI) Projects in Cambodia

In July 2022, CAO completed the assessment of three complaints from communities in Cambodia regarding the Lower Sesan 2 hydropower project and is now conducting a compliance appraisal of the case.

The complaints raised various environmental and social concerns related to the Lower Sesan 2 project, including impacts on livelihoods, threats against community members opposing the project, damage to significant sociocultural sites such as ancestral graves and spiritual forests, and impacts on the fish population of the Mekong, Sesan, and Srepok Basins.

CAO found the complaints eligible in July 2018 concerning IFC's active investments in ABBank and VietinBank, which the complainants alleged were indirectly exposed to the project. The assessment

period was extended several times due to the need to establish contact with additional relevant stakeholders and due to COVID-related travel restrictions after March 2020.

While the complainants were willing to engage in a dispute resolution process, consensus was not ultimately reached by the parties to participate in the process. On July 5, 2022, the case was transferred to CAO's compliance function in line with CAO's Policy.

The compliance appraisal will determine whether further investigation of IFC's environmental and social performance is warranted or whether to close the case.

More information is available on the [Cambodia: Financial Intermediaries 01-03 case page](#).

On July 1, 2021, the IFC and MIGA Boards of Executive Directors adopted a new IFC/MIGA Independent Accountability Mechanism (CAO) Policy, which responded to the recommendations of the 2020 External Review of IFC/MIGA's Accountability, including CAO's Role and Effectiveness (External Review).

The implementation of the new CAO Policy includes transitional arrangements for CAO cases that predate the Policy.

For more information, please refer to [CAO Policy — transitional arrangements](#).

**For more on CAO's  
Dispute Resolution work**

**CLICK HERE**



CAO team during outreach event with other Independent Accountability Mechanisms in Sarajevo, Bosnia and Herzegovina, June, 2022.  
Photo Credit: CAO

## Engaging Civil Society from Nepal to the Balkans

From June 14 to 15, 2022, CAO traveled to Sarajevo for its first in-person outreach since 2019, before the COVID pandemic. The 2-day workshop brought together civil society organizations working in Bosnia-Herzegovina, Croatia, Montenegro, and Serbia. CAO joined the accountability mechanisms of the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), and World Bank for the workshop, which was co-hosted with support from CEE Bankwatch Network, a regional NGO. The mechanisms provided a deep dive into their work, and participants shared their experiences of working on cases with the mechanisms, limitations of the process, effectiveness of outcomes, and challenges accessing project information, among other issues.

Earlier in June, CAO participated in an outreach webinar for civil society organizations in Nepal, along with the accountability mechanisms from from the Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB), EIB, and the World Bank. Representatives from about 45 organizations from across Nepal took part in the webinar, which served to inform Nepali civil society about the work of accountability mechanisms, promote dialogue, and share experiences related to access to recourse about development projects in Nepal.

CAO's next outreach will be in the Middle East region in late July.

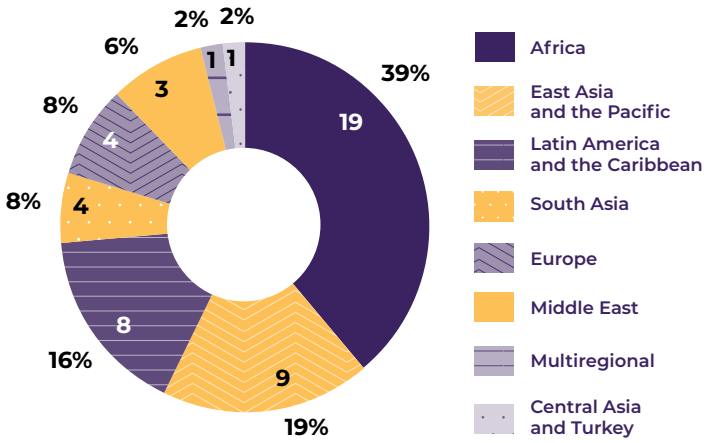
[For more on CAO outreach](#)

[CLICK HERE](#)

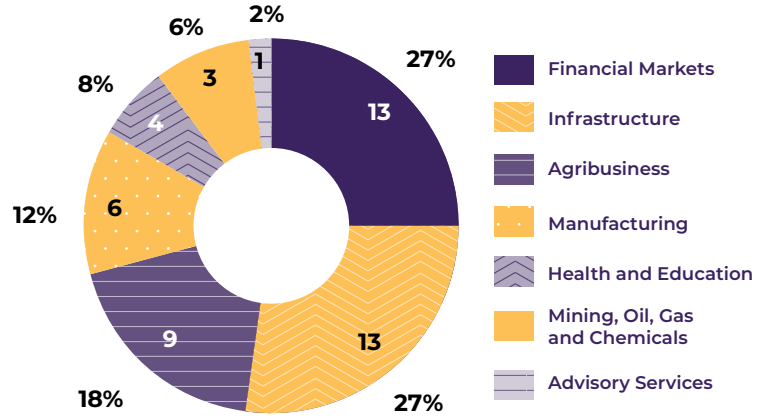
**CASE TRACKER**

Status as of June 30, 2022.

### Cases by Region



### Cases by Sector



Visit our [Data Center](#) for more case statistics and information.

**DATA CENTER**



Evening in the Central Business District. Kigali, Rwanda.  
Photo: Kelley Lynch / World Bank

## FOR MORE INFORMATION

### CONTACT US

Compliance Advisor Ombudsman (CAO)  
2121 Pennsylvania Avenue NW  
Washington, DC 20433, USA  
Email: [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org)

