


# OFFICE MEMORANDUM

**DATE:** September 7, 2010

**TO:** Meg Taylor, CAO

**FROM:** Bernard E. Sheahan  Director, CIN

**EXTENSION:** 39503

**SUBJECT:** Response to Ombudsman Assessment Report: Complaint regarding the  
TCBuen Port Project in Buenaventura - Colombia (#28479)

Thank you for providing us with your Assessment Report dated August 2010 regarding the complaint on the TCBuen port project ("TCBuen") located in Buenaventura, Colombia. IFC appreciates CAO's efforts to facilitate a dialogue between the project company (the "Company") and the claimant NGO. IFC also understands that, given the results of the assessment, further actions by CAO are not necessary at this stage.

As the CAO knows, IFC conducted extensive environmental and social due diligence for this category A project, including review of documentation, multiple site visits and interviews with key stakeholders, as is described in the project's ESRS, disclosed on IFC's website on October 5, 2009. During the due diligence process the Project Team paid particular attention to the confirmation of evidence of free prior informed consultation and the resulting broad community support (FPIC/BCS) for the project, and the status of the ongoing implementation of the management plans, including those addressing issues raised in the complaint, and they were found to be sound and in alignment with IFC's Performance Standards. The Project Team continues to engage with the Company on an ongoing basis to monitor the project's E&S performance.

IFC's Management and the Project Team note that the CAO recognizes that the legitimacy of the complainant NGO to submit a complaint in the name of the neighborhoods in the area of influence of the TCBuen project appears to be limited, and that the complainant did not consult with the recognized communities' representative bodies (Juntas de Acción Comunal). Additionally, IFC understands that the core of the initial complaint did not focus on the TCBuen project, which is financed by IFC, but rather on other un-related developments in the region over which neither IFC nor the Company had any relationship or influence.

We understand that CAO does not have further recommendations for the Company or IFC related to the environmental and social management of the TCBuen project. Below are some comments relating to the more general observations and recommendations related to the broader IFC policy issues raised in your Assessment Report:

- (1) *Assessment of cumulative impacts:* As described in the ESRS, the TCBuen project's ESIA and corresponding management plans took into consideration multiple project-level and regional environmental assessments, alternative analysis, and territorial planning studies

commissioned by the Colombian Government since 1989 related to the development of new port terminals, roads and other developments in Buenaventura. However, IFC recognizes the challenges related to the assessment of cumulative impacts and, as noted by the CAO, the limits to the influence that IFC or its clients can exert on addressing such cumulative aspects in many projects. CES is exploring solutions to tackle the challenges related to cumulative impacts through IFC's E&S Performance Standards review process, which is currently underway, and would welcome any input from CAO on that aspect.

- (2) *Situation of Afro-Colombian communities displaced by violence*: Even though, as noted by CAO, this issue is not related to the TCBuen project, IFC shares the CAO's concern in relation to the difficult circumstances facing Afro-Colombian communities in Colombia, particularly those affected by internal displacement. In future projects that may potentially involve these communities, as with any other vulnerable communities, IFC will take special consideration for their particular circumstances and address potential impacts and risk accordingly.

Finally, IFC believes that the TCBuen project will bring multiple development benefits to one of the most poverty and violence-stricken areas of the country, including job creation for local communities. As noted by CAO, the Company maintains constructive relationships with its neighboring communities and has in place a functioning grievance redress mechanism, and has expressed its openness to engage the claimant NGO as suggested by CAO.

Best regards,



Bernard E. Sheahan  
Director  
Infrastructure Department

cc: Lars Thunell; Thierry Tanoh; Greg Radford; Ravi Bugga; Gabriel Goldschmidt; Bilal Rahill; Stephen Bailey; Jorge Villegas; Han Cao; Herbert Lai.