

CAO Update

Issue 17 / November 2019



Did you know? The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO addresses grievances from people impacted by IFC and MIGA projects with the goal of improving environmental and social outcomes on the ground. For more information, see www.cao-ombudsman.org.

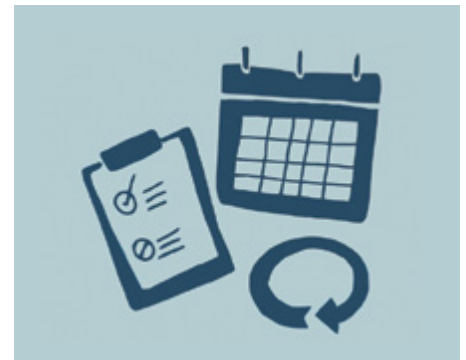
CAO Publishes Compliance Monitoring Report Regarding IFC Investment in the Latin Renewables Infrastructure Fund in Guatemala

In August 2019, CAO released a **compliance monitoring report** of IFC's investment in the Latin Renewables Infrastructure Fund (LRIF), a private equity client. Through LRIF, IFC is exposed to the Hidroeléctrica Santa Rita project in Guatemala, a 23-megawatt hydroelectric power plant, which is the subject of a **complaint** from local indigenous communities.

The complainants allege that the project did not meet IFC's requirements for Free, Prior, and Informed Consent, cite fears for their livelihoods due to project construction, and say that their opposition to the project has been met with violence, repression, and criminalization of community leaders.

The monitoring report follows CAO's 2017 investigation which responded to the complaint and concluded that project-level non-compliance findings remain unaddressed.

Specifically, the monitoring report concluded that IFC has not adequately supervised its client to ensure that it has assessed residual project impacts and, as appropriate, compensated for or otherwise remedied them in accordance with IFC's policy requirements. The monitoring report also reviewed IFC's Environmental and Social (E&S) supervision of the client since completion of the investigation and noted IFC's conclusion that the fund's E&S performance has improved



and is now satisfactory. CAO will keep the case open for monitoring and plans to issue a follow-up monitoring report in 2020. The monitoring report and more details about the case are available on **CAO's website**.

CAO Releases 2019 Annual Report

CAO's **2019 Annual Report** features outcomes from our dispute resolution, compliance, advisory, and outreach activities this year. In our casework, we concluded our work in Mongolia after monitoring a **dispute resolution** settlement related to the Oyu Tolgoi mine, in addition to concluding settlements in Albania, Uganda, Chad, and Cameroon. We issued new **compliance** investigations of projects in Albania and Kenya, and closed three investigations of IFC after monitoring, including the Dinant case in Honduras.

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CAO's 2019 Digital Annual Report, www.cao-ar19.org

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CAO Releases 2019 Annual Report *(continued)*

We also tackled challenges to complainant safety through the roll out of CAO's **Approach to Threats and Reprisals** during 2019, and enhanced awareness of our work through **global outreach**. Further, we provided **advice** to IFC to inform their revised Good Practice Handbook on Involuntary Resettlement and analyzed monitoring and evaluation findings to assess our impact.

As we reach **20 years of operations**, the World Bank Group Board has initiated an **independent external review** of IFC and MIGA's accountability framework, including CAO's role and effectiveness. This will be an opportunity to reflect on CAO's evolution, and to further strengthen accountability at the World Bank Group and ensure communities are at the heart of its development agenda.

Explore the interactive site at cao-ar19.org, or download the **printable PDF** to learn more.



Community members celebrate during the case closure ceremony for the Kiboga dispute resolution process, Uganda, August 2018 (Stephan Bachenheimer/CAO).

COMPLIANCE CASE UPDATE

CAO Closes Case Related to an IFC-Supported Steel Plant in Albania

CAO released a **compliance appraisal report** in August 2019 which responds to a **complaint** from residents living near a steel plant in Elbasan, Albania, which is operated by Kurum International, an IFC client. The complainants raised concerns about air and ground pollution caused by the plant's operations, and the impact this may be having on the health of residents.

CAO's appraisal report determined that a compliance investigation of IFC's performance was not merited in response to the complaint. In making this decision, CAO considered measures taken by IFC and its client to mitigate adverse pollution impacts of the client's steel production facility, and the application of IFC's environmental and social standards to the client's steel production activities. CAO has now closed the case. The appraisal report and more information about the case are available on CAO's website.

DISPUTE RESOLUTION

Parties to Engage in Dispute Resolution to Address Complaint Related to IFC-Supported CBG Sangaredi Mine Project in Guinea

IFC has an active project with the Guinean Bauxite Company ("CBG") for the expansion of the Sangaredi mine in Guinea. In February 2019, local community members from 13 villages living in the area of the mine filed a **complaint** with CAO, supported by the Center for International Commerce and Development, the Guinean Association for Rural Development and Mutual Assistance, and Inclusive Development International. The complaint raises concerns about land grabbing, land rehabilitation and land return, along with issues regarding impacts on water and the environment that have affected complainants' livelihoods.

After finding the complaint eligible in March 2019, a CAO team traveled to Guinea in April 2019 to conduct an assessment

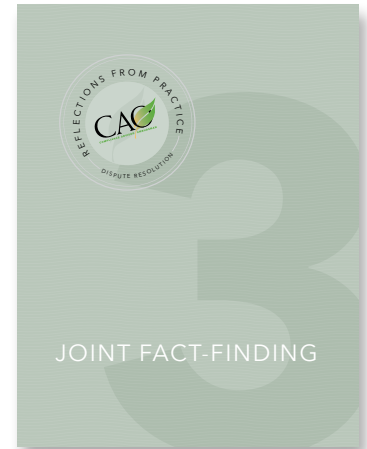
and discuss options for addressing the complaint with the relevant parties. While in Guinea, the CAO team visited the Sangaredi mine and surrounding areas and met with the complainants, the NGOs supporting them, representatives of CBG, and local and national government officials.

During the assessment process, both the complainants and CBG expressed their desire to engage in a CAO dispute resolution process. Given this consensus, CAO completed the assessment in August 2019 and is now working to establish a trusted facilitation team to assist the parties in designing the mediation process. The assessment report is available on CAO's website in **English** and **French**, as well as **IFC's response**.

CAO Launches Dispute Resolution Good Practice Publication on Joint Fact-Finding

To advance dispute resolution practice and contribute to consistency in approach, CAO has launched a series of good practice publications based on CAO's experience in this field. The series, '**Reflections from Practice**', is designed to benefit staff, mediators, and practitioners, as well as meet the growing external demand for CAO's dispute resolution knowledge. In September 2019, CAO released the third publication in the series, "**Joint Fact-Finding**", which follows two publications launched earlier this year, "**Getting Started with Dispute Resolution**" and "**Representation**".

Development-related conflicts involving disputes of fact between affected people and project sponsors occur across all sectors, from mining and agribusiness to infrastructure and manufacturing. These disputes are often caused by concerns about project impacts. "**Joint Fact-Finding**" is a dispute resolution tool that provides the opportunity for the parties to explore ways to jointly collect, analyze, and interpret data and build consensus around it. The new publication outlines the principles and strategies to consider when developing a Joint Fact-Finding process. Learn more at www.cao-dr-practice.org



Learn more and explore CAO's 'Reflections from Practice' series at www.cao-dr-practice.org.

ADVISORY

CAO Provides Advisory Comments on IFC Revised Draft Good Practice Handbook on Land Acquisition and Involuntary Resettlement

In response to IFC's request for external peer review, CAO **provided comments** through its advisory function on IFC's *Revised Draft Good Practice Handbook on Land Acquisition and Involuntary Resettlement*. CAO drew its advice from just under a quarter of CAO cases that have raised land and resettlement issues over the past 20 years. An expert consultant worked with CAO specialists to review IFC's revised draft handbook in the context of CAO case experiences and CAO identified four challenge areas that formed the basis of suggestions to inform IFC's handbook: the scope

of application for *Performance Standard 5 on Land Acquisition and Involuntary Resettlement*; calculating compensation at full replacement cost; requirements for disclosure, consultation, and informed participation of stakeholders; and the interplay with the public sector in government-led land acquisition processes. CAO also prepared a **reference table** that summarizes the applicable sections of the Performance Standards and their Guidance Notes, relevant CAO cases, and stakeholder views on the identified challenges. [Learn more](#)

A herder near the Oyu Tolgoi mine site in Mongolia, May 2015 (Felix Davey/CAO). Insights from this dispute resolution case informed CAO's guidance on IFC's revised draft resettlement handbook.

Outreach with Civil Society in South Asia

In September 2019, CAO conducted outreach to civil society organizations (CSOs) from the South Asia region together with the World Bank’s **Inspection Panel**, the Green Climate Fund’s **Independent Redress Mechanism**, UNDP’s **Social and Environmental Compliance Unit**, and the Asian Development Bank (ADB)’s **Compliance Review Panel**. Over 30 NGOs and community leaders from Bangladesh, Nepal, India, Sri Lanka, and the Maldives participated in the one-and-a-half-day workshop in Dhaka, Bangladesh which was organized with assistance from **Accountability Counsel, International Accountability Project, the NGO Forum on ADB**, and two local NGOs from Bangladesh. The event aimed to improve awareness about the mechanisms and how they work with communities to address environmental and social concerns related to development projects in the region.

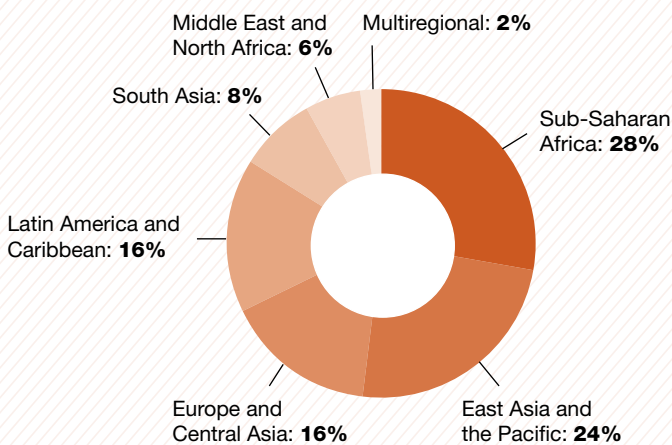
The **workshop** included presentations and plenary discussions about the mechanisms’ mandate and operations and civil society experiences engaging the mechanisms to address environmental and social concerns related to development projects. There were also small group sessions on how to find information regarding projects funded by development finance institutions and how to file a complaint with the mechanisms. Key issues brought up by participants included how to improve community access to the mechanisms, how to address concerns of threats and reprisals, and achieving redress through the complaint handling process. They also raised the eligibility of complaints related to closed projects and cooperation between mechanisms in cases where multiple complaints are filed to different institutions. Lastly, participants raised the challenges associated with the use of project-level grievance mechanisms.

CAO CASE TRACKER FY20

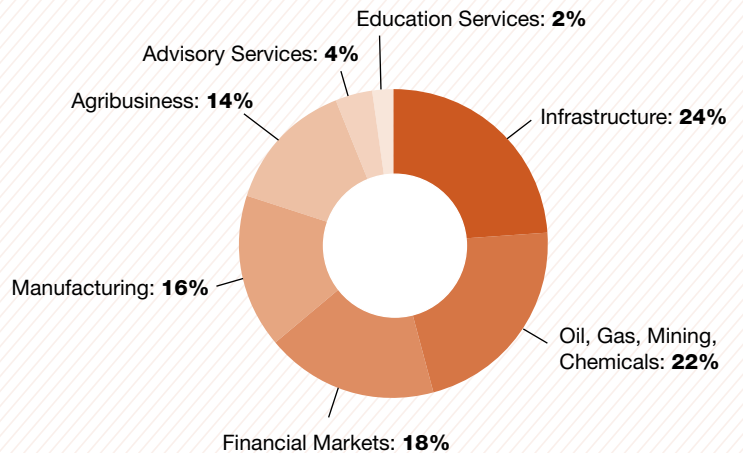
Status as of September 30, 2019. For more information about CAO cases, see www.cao-ombudsman.org/cases

During the first quarter of fiscal year 2020 (July 1, 2019 – September 30, 2019), CAO accepted a new complaint from Kenya and referred one case from Guinea to dispute resolution following the completion of an assessment. At the end of the quarter, CAO was handling a total of 50 cases in 30 countries in the varying stages of assessment, dispute resolution, compliance, and monitoring.

CASES BY REGION



CASES BY SECTOR



FOR MORE INFORMATION

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