

DISPUTE RESOLUTION CONCLUSION REPORT
UKRAINE, MHP-01/VINNYTSIA (#34041) JANUARY 2022

This report provides an overview of the CAO dispute resolution process in relation to the MHP poultry production operations, supported by IFC (#34041), in Ukraine.

SUMMARY

In June 2018, CAO received a complaint from local community members in Olyanystya, Zaozerne, and Kleban villages regarding IFC's investment in Myronivsky Hliboproduct Publichne AT (MHP) in Ukraine. The Complainants were supported by CEE Bankwatch Network/Center for Environmental Initiatives "Ecoaction" (a Ukrainian NGO) and Accountability Counsel (a US NGO). The complaint raises concerns about impacts from dust, noise, and odors, as well as concerns that the company's operations cause air, water, and soil pollution and deplete water resources. Additional issues raised in the complaint include improper community consultation, lack of information disclosure, occupational health and safety, and poor working conditions.

In addition to filing a complaint with CAO, the Complainants submitted a complaint to the European Bank for

Reconstruction and Development's (EBRD) Project Complaint Mechanism (PCM)¹. EBRD is also an investor in MHP.

CAO found the complaint eligible in June 2018 and began an assessment of the complaint. During the assessment, the Complainants and the Company agreed to engage in a voluntary dialogue process to try to resolve the dispute.

After the conclusion of the assessment in December 2018, CAO and PCM began facilitating meetings with the Complainants and the Company (the Parties), both separately and jointly, with the assistance of two regional mediators. While numerous issues were discussed and some agreements were reached between the Parties, the dispute resolution process concluded in July 2021 without full resolution of the original complaint issues. Therefore, in accordance with CAO Policy transitional arrangements,² the complaint will now

¹ In July 2020, the Independent Project Accountability Mechanism (IPAM) took over the Case from the PCM and continued its processing, now under the 2019 Project Accountability Policy, which superseded the 2014 PCM Rules of Procedure on that date.

² The implementation of the new CAO Policy, effective July 1, 2021, includes transitional

arrangements for CAO cases that pre-date the policy. For more information, please refer to: www.cao-ombudsman.org/sites/default/files/downloads/CAOPolicy-TransitionalArrangements.pdf. The CAO Policy is available at tinyurl.com/mr369wuc 2

be transferred to CAO Compliance for appraisal.

This Conclusion Report gives an account of the dialogue process and various outcomes achieved, and offers some reflections and lessons learned from the Parties and the CAO team.

BACKGROUND

The Project

According to IFC, the Myronivsky Hliboproduct (MHP, or “the Company”) Corporate Loan project (“the Project”) involves providing a long-term corporate loan facility of up to US\$250 million, mainly to refinance MHP’s Eurobond that was due in 2015. IFC investment includes: (i) up to US\$100 million A-Loan from its own account, (ii) US\$75 million from IFC acting in its capacity as implementing entity for the Managed Co-Lending Portfolio Program, and (iii) up to US\$75 million B-Loan. MHP is the largest integrated poultry producer in Ukraine. It operates the key steps of the chicken meat production process, including crop growing, fodder, egg-hatching production and incubation, poultry rearing and processing, and distribution and sales. Associated agricultural and processing operations include sunflower oil production and meat processing.

The Complaint

The complaint to CAO was filed in June 2018 by local community members in Olyanystya, Zaozerne, and Kleban villages (the “Complainants”), with

support from CEE Bankwatch Network, Center for Environmental Initiatives “Ecoaction,” and Accountability Counsel, regarding IFC’s investment in Myronivsky Hliboproduct in Ukraine. The complaint alleges real and anticipated negative impacts to the residents of the three villages and the local environment as a result of the Project.

The Complainants claimed that the construction and operation of MHP agribusiness activities, in particular the Vinnytsia Poultry Farm (VPF) and Zernoproduct Farm activities, have caused continuous odor and dust impacts from a growing number of facilities and from the application of manure on nearby fields.

Complainants stated that Project activities have led to a drastic increase in heavy vehicle traffic through their villages, resulting in damage to roads and nearby residences, and additional impacts from dust, noise, and foul odors affecting residents along major MHP thoroughfares.

The complaint also alleged that community consultation processes and disclosure of project information had been inadequate, and that company representatives suppressed dissent about the Project. Additional allegations are that the Company’s operations cause air, water, and soil pollution and deplete local water resources, and that local landowners were not given an opportunity to fairly negotiate the terms of lease agreements with the company. The Complainants also expressed fear about possible future impacts related to

the planned expansion of the Vinnytsia Poultry Farm, including the construction of a new biogas plant in Zaozerne.

The complaint also claimed that MHP does not have an appropriate local grievance mechanism to handle community concerns in a prompt, transparent, culturally appropriate, and effective manner. The complaint raised concerns about the existing limitations to the acceptance of anonymous complaints and the alleged lack of clarity regarding the process for filing complaints with MHP through the local grievance mechanism.

Furthermore, the complaint mentioned employment- and workplace-related concerns, including poor working conditions, insufficient mitigation of employee health and safety risks, low wages for some jobs, improper salary deductions, and retaliation against employees who raise concerns or whose family members criticize MHP.³ In relation to the issues summarized in the paragraphs above, the complaint alleged likely Project non-compliance with IFC Performance Standards 1 (Assessment and Management of Environmental and Social Risks and Impacts), 2 (Labor and Working Conditions), 3 (Resource Efficiency and Pollution Prevention), and 4

(Community Health, Safety, and Security).

A similar complaint was also submitted by the same community members to the Project Complaint Mechanism (PCM) of the European Bank for Reconstruction and Development (EBRD). Since the two complaints raise identical issues and relate to the same Project, the Parties agreed that CAO and PCM would cooperate with each other and with the Parties in their respective processes. This is to ensure efficient use of time and resources and consistency of approaches, while respecting the independence of the different mechanisms. As a result, the dispute resolution process was jointly facilitated by two regional mediators appointed by CAO and PCM.⁴

CAO ASSESSMENT

CAO found the complaint eligible for further assessment in June 2018. During in-country meetings with CAO and PCM, each party shared their perspectives on the concerns raised in the complaint, which were summarized in the CAO Assessment Report.⁵

Both the Complainants and the Company agreed to initiate a constructive dialogue through CAO's Dispute Resolution function and a PCM

³ In response to the allegations of threats and reprisals raised by the Complainants, CAO conducted its assessment in accordance with the principles of the CAO's *Approach to Responding to Concerns of Threats and Incidents of Reprisals in CAO Operations*. See www.cao-ombudsman.org/about-us/approach-reprisals

⁴ The IPAM Problem Solving Summary related to this case is available in English and Ukrainian at:

<https://www.ebrd.com/work-with-us/projects/ipam/2018/09.html>

⁵ The CAO Assessment Report is available at:

www.cao-ombudsman.org/sites/default/files/downloads/CAOAssessmentReport_MHP-01Ukraine_January2019_ENG.pdf

Problem-solving Initiative. As a non-judicial, non-adversarial, and neutral forum, CAO's Dispute Resolution function provides a process through which the parties may find mutually satisfactory solutions to the issues raised in the complaint. It is important to note that CAO's assessment does not entail any judgment on the merits of the complaint.

THE DISPUTE RESOLUTION PROCESS

Agenda for Mediation

During meetings with CAO, the Complainants and MHP representatives articulated their respective key goals and interests, many of which were shared by all Parties. The following is a summary of the Complainants' and Company's key goals and interests, as heard and understood by the CAO team:

- preventing reprisals and threats against people who criticize MHP;
- avoiding negative impacts on local residents and the environment;
- ensuring the Project's compliance with IFC standards and policies;
- providing accessible, timely, understandable, and accurate information to the public about MHP's operations, social and environmental impacts, and social projects at the local level;
- ensuring meaningful and constructive consultation processes; and

- resolving the complaint issues in an efficient and structured manner.

After the conclusion of the assessment in December 2019, CAO began facilitating meetings with the Complainants and the Company, both separately and jointly, with the assistance of the two regional mediators. About 50 different agenda items relating to the original complaint and the goals summarized above were raised and discussed in detail throughout the mediation process.

Ground Rules

As a preliminary step, the Parties were encouraged to designate trusted representatives to participate in the process, and the mediation team offered capacity-building support, including training in negotiation, conflict resolution, and communication skills.

The mediation team engaged the Parties to establish how the process would be structured. On 18 February 2019, the Parties signed a confidential memorandum of understanding (the MOU) establishing the ground rules and principles of engagement, the format to use in the process, and how the Parties would make decisions, among other procedural matters that would guide the initiative. As part of the ground rules, it was agreed that the NGOs that submitted the complaint on behalf of the Complainants would serve as their advisors throughout the process.

To ensure the confidentiality of the process, the Parties agreed that some additional commitments were required in addition to already existing

provisions under the MOU. These included the signing of a non-disclosure agreement in relation to the identities and personal information of the participants in the mediation process and a declaration through which the Parties committed to refrain from instigating, carrying out, or contributing to any form of retaliation or threat against each other.

The Mediation Process

The facilitated dialogue and exchange of information began after the signing of the MOU. Overall, 23 joint mediation meetings were convened by the mediators, as well as numerous bilateral meetings, both on-site and virtual. In addition, extensive written communication was conducted via email. As of March 2020, the in-person meetings were replaced by virtual engagement, due to COVID-19-related restrictions on travel and social gatherings. During this period, the mediation team held numerous preparatory bilateral conversations with each party and facilitated 14 virtual joint sessions.

In the summer of 2018, the Parties expressed their shared interest in pursuing a Joint Fact Finding (JFF) process and developed terms of reference to seek help in getting answers from independent experts to

obtain accurate and reliable information about the environmental impacts of MHP's operations in the region, as well as the impacts of its activity on roads and houses. Two terms of reference and corresponding requests for expressions of interest were drafted with the assistance of the facilitation team and published on the websites of CAO and PCM, in both English and Ukrainian.⁶ Due to challenges in identifying financing for the studies and finding experts, the originally proposed studies did not move forward. While the proposed JFF for environmental issues never advanced further, the Parties later agreed to revise the other terms of reference to limit the study to a pilot JFF process related to the impacts of traffic on five houses in Olyanytsya village only. If successful, the Parties would then discuss how the results could be applied to the other affected houses and buildings.

Negotiations continued and, on 20 January 2020, the Parties signed a Joint Statement outlining the efforts and progress made to date in the mediation process.⁷ These included:

- A project to enhance road safety for children in winter, including information events with police officers and local school students about traffic rules, the use of reflective tape, and informational signage.

⁶ See www.cao-ombudsman.org/sites/default/files/downloads/28.09.19DamagedbuildingsJFF-TermsOfReference_Eng_000.pdf and www.cao-ombudsman.org/sites/default/files/downloads/28.09.19EnvironmentalJFF-TermsOfReference_Eng_001.pdf

⁷ The Joint Statement is available at: www.cao-ombudsman.org/sites/default/files/downloads/JointCommunique_Jan2020_ENG.pdf and https://www.cao-ombudsman.org/sites/default/files/downloads/JointCommunique_Jan2020_UKR.pdf

- The commissioning of a bypass road around Olyanytsya village, which had been stalled prior to the mediation, and the opening of a railroad crossing to reduce the traffic load on the road through Olyanytsya village. The Parties agreed to continue discussions on how to make the bypass road more effective, as well as on ways to address the problems related to the use of roads by MHP transport and its subcontractors.

Revised Terms of Reference and Call for Proposals for the JFF pilot in Olyanytsya (described above) were published in June 2020.⁸ The Parties interviewed several candidates and agreed on one expert, as well as on the work plan and sources of funding.

In April 2021, the Parties signed a second joint statement⁹ outlining agreements reached in the mediation concerning access to information and communication regarding the company's land-lease agreements with local villagers. The mediation agreements provided that:

- MHP shall explain the procedure of renewing the land-lease contracts to the landowners individually by designing information letters covering lease rates, incentives/stimuli for the landowners, assistance to cover funeral costs, benefits for childbirth, details on formalizing the inheritance documents for the land

parcels and how landowners can access these incentives, and the issue regarding the extension or amendments of Land Lease Agreements.

- The above information shall be disseminated in the media and on information boards and communicated individually to the landowners.
- MHP committed to holding a joint meeting with the landowners within one month after the Vinnytsia region received a "green status" regarding COVID-19 restrictions and committed to holding such meetings every March.
- Individual queries from the landowners would be handled through an established procedure, and each landowner in the village would be assigned a dedicated contact person responsible for working with them.
- In future, the Company shall disseminate the templates of draft land-lease contracts on paper bearing a watermark saying "ZRAZOK" [TEMPLATE].

On two occasions, in 2019 and 2020 respectively, the Company requested to put the process on hold to clarify the Parties' understanding of some of the provisions of the MOU. The issues about which the Company requested clarification were around conflict of interest, confidentiality, goodwill, and mutual trust. On both occasions, the Parties were able to successfully reengage in the process with the support of the mediation team.

⁸ For more information about the JFF ToR: www.cao-ombudsman.org/sites/default/files/downloads/cal%2Bfor%2Bproposals%2Bimpacts%2Bon%2Bhouses%2C0.pdf

⁹ See www.cao-ombudsman.org/sites/default/files/downloads/JointStatement-CAOUkraine-MHPDisputeResolution_April2021_edited.pdf

In addition, in May 2021, one of the Complainants' representatives put their participation on hold after unsuccessful attempts to discuss forestation issues.

In July 2021, the Company formally notified CAO of its withdrawal from the process, due to concerns that some Complainants were not complying with confidentiality agreements. Complainants denied any violation of confidentiality and it became clear that the mediation process could not continue. The Company also felt that the JFF process was taking too long and proceeding too slowly, and the mediation concluded before the previously agreed JFF pilot expert study was undertaken.

In August 2021, CAO and PCM facilitated a bilateral meeting with the Parties online to discuss the way forward. Both the Complainants and the Company informed CAO that they would like the case to be transferred to CAO's Compliance function. Accordingly, the complaint will now be transferred to CAO Compliance for appraisal, as provided by transitional arrangements for the new CAO Policy.¹⁰ In October 2021, CAO's regional mediator traveled to Ukraine and facilitated closure meetings with each Party to gather feedback on the process and provide information about the next steps.

Outcomes

Despite the lack of a final settlement agreement, the efforts made by the

Parties throughout the process achieved some positive outcomes:

Road Safety. The Parties agreed that the Company would commission the construction of a bypass road around Olyanytsya village and open a railroad crossing, a process which was stalled prior to the mediation, to reduce traffic going through the village. MHP conducted joint information events with police officers and local school students about traffic rules, and distributed informational materials and reflective materials to raise awareness about road safety to protect children during the winter months. The Complainants noted their appreciation of the road safety campaign, which was a one-time action, and requested that such information events occur on a regular basis, to ensure that public safety is properly addressed.

Several discussions were held to seek alternatives to increase the effectiveness of the bypass road and address the impacts generated by MHP transport and its subcontractors. Responding to the Complainants' suggestions, the Company agreed to monitor and take action on cases of road traffic rule violations by MHP transport users. MHP also agreed to redirect MHP heavy vehicles and agricultural machinery to the bypass road in Olyanytsya and agreed to incorporate drivers' obligations to respect Ukrainian traffic regulations in its manual and contracts, including

¹⁰ See CAO transitional arrangements at www.cao-ombudsman.org/sites/default/files/downloads/CAOPolicy-TransitionalArrangements.pdf

observing the speed limit of 50 km/h when driving through the village.

Communication protocol. In addition to existing regular communication channels, the Parties adopted a communication protocol to address any urgent matters about project impacts raised by Complainants. The Company assigned local staff to attend to these issues, sharing their contact details with the Community members.

Selection of expert for the pilot study. The Parties discussed and agreed on a methodology for the assessment of the impacts on houses in Olyanytsya. As per the agreement, the survey would include five damaged houses to identify which factors had contributed to their damage. Moreover, MHP and Complainants' advisers would share the costs of the pilot, as per a mutually agreed-upon payment schedule, and include the mediation team as impartial third parties. Although the mediation concluded before the pilot study took place, the agreed-upon process and ToR may provide Parties a useful foundation to conduct future studies/assessments.

Use of pesticides. Responding to the Complainants' concern on pesticides used by MHP, the Company provided the list of pesticides used, their dosage, and the application methods.

Land lease. During March – April 2021, the Parties discussed and agreed on the way MHP would communicate to landowners when renewing land-lease contracts. The April 2021 Joint Statement was disclosed, providing

detail on the process that MHP committed to follow.

Outstanding Issues

Despite reaching and implementing agreements, the Complainants felt that their original complaint issues were not fully resolved. Some of those issues that were discussed in mediation are highlighted below.

Damage to roads and houses. As noted above, the mediation ended before the JFF pilot expert study was conducted. Therefore, the Parties were unable to reach agreement about issues raised by Complainants relating to the impacts of heavy traffic on their lives, homes, and local road infrastructure, and whether or not those issues are specifically caused by and/or exacerbated by MHP-related traffic.

Farm Odors. The Parties explored options to manage the odor from chicken farms, manure storage, and the biogas plant, such as planting trees throughout the perimeter. Some of the Complainants had requested the planting of a forest belt as a remedy for odor and air pollution. The Company was not able to agree to the request, citing the need to comply with sanitary measures related to bird flu. While the Company presented alternative options, no agreement was reached on this issue before the termination of the mediation.

Water quality and supply. Parties discussed the issue of water supply in Olyanytsya and Zaozerne, and water quality issues were included in the

original JFF agreement.¹¹ MHP proposed a procedure for residents to apply for social projects as a way to improve their access to water, but this initiative did not materialize over the course of the mediation. Ultimately, the Parties disagreed over the extent to which this issue was addressed in the mediation.

Worker health and safety. Due to the prioritization of other issues, worker health and safety concerns and alleged unfair working conditions were not fully discussed and explored by the Parties, and no agreement was reached on these issues.

Information disclosure. While the Parties have discussed extensively the way MHP is disclosing information about its projects and how they consult with the local population, the Complainants were not fully satisfied with the information received in relation to the Company's impact assessment and monitoring data.

Communication protocol. While the Parties adopted a mutually agreed communication protocol to address urgent matters, the Complainants believe that it should work more efficiently and that not all the issues raised via the protocol were promptly addressed.

Impacts on the environment and use of pesticides. The assessment of MHP's impacts on the environment was at first included in the JFF initiative, but as no expressions of interest were

received, the JFF process was not undertaken. The Complainants also claim that MHP failed to provide satisfactory evidence about the safety of the pesticides used by the Company.

Road traffic. While acknowledging the Company's commitment to improving road traffic and safety through the opening of the bypass road, the Complainants claim that no monitoring data was provided to show that impacts were effectively mitigated. The Complainants also pointed out that traffic through Olyanytsya is still very busy, as heavy vehicles of the Company and its suppliers and contractors still pass via the road in Olyanytsya, suggesting that the bypass has not been an effective remedy.

Land leases. Complainants believe that the agreements regarding dissemination of information and the content of the leaflet about land leases were not fully fulfilled by the Company; namely, that the leaflets should be more widely distributed in the community and additional important information should be included (for example, regarding annual meetings with land owners, revision of addendums to lease agreements, and compensation calculations).

LESSONS LEARNED

The case presented several challenges and learning opportunities for the mediation team, including the following:

¹¹See www.cao-ombudsman.org/sites/default/files/downloads/28.

[09.19EnvironmentalJFF-TermsOfReference_Eng_001.pdf](#)

Trust building through process design

In order to arrive at a process that the Parties could agree to and feel comfortable with, the mediation team had to work with them to understand their needs and preferences, and design a structure that was acceptable to all. The Parties' involvement in the design of the ground rules and the dialogue structure gave them ownership of the process and resulted in a high level of engagement throughout the mediation.

Effective stakeholder representation

The involvement of senior management from MHP and the creation of an online messaging group to communicate with the community representatives enabled the mediation team to proceed with confidence that individuals with authority to make decisions were at the table. The consistent participation of their representatives at every joint meeting ensured that there was knowledge of the progress and issues discussed. Additional representatives were included to ensure input where needed.

Working under COVID-19 conditions and risks

As of March 2020, due to the COVID-19 pandemic, the dialogue sessions had to take place virtually, which presented new challenges to the initiative, especially in relation to access to technology and stable internet connection. The flexibility and willingness to adapt to the new circumstances by the Parties, mediators, interpreters, CAO, and PCM

were critical to enable the process to continue. Where needed, the CAO and PCM supported community representatives with internet access and training on how to use new technology.

Enforcement of ground rules

After parties agree on ground rules early in a mediation, questions can arise about what to do when a party violates the ground rules. Mediators will often secure agreement from the parties that the mediator is empowered to enforce the agreed terms. In situations where there is an obvious violation that is witnessed by the mediator – name-calling, using offensive language, threatening another participant, and so on – mediators are typically able to intervene and take appropriate action. However, when one party accuses another party of violating the ground rules in situations where the mediator is not present, the facts are unclear or in dispute, or there are differing interpretations of the ground rules, it becomes more challenging. One party will often want the mediator to take an enforcement role and reprimand the other side or even end the mediation. In such situations, often the best a mediator can do is to treat the allegation like any other issue or dispute in the process, and try to help the parties understand what happened and the impacts of the alleged behavior/action, and help them develop mutually acceptable options for addressing the problem.

In this case in Ukraine, at different points in the process, one side would sometimes accuse the other of violating

the agreed-upon ground rules. Because this happened on several occasions, it clearly undermined trust between the Parties and possibly even in the process and mediators.

The ideal is for ground rules to be clearly understood and respected by all parties, and for them to be as self-enforcing as possible. This requires good faith commitment from all participants and diligence on the part of mediators. It can also be helpful for the party accused of violating the ground rules to describe what they did and why, while also acknowledging how the other party may have perceived the action (to demonstrate understanding, not necessarily agreement). If a party unintentionally violated the ground rules, taking responsibility and offering an apology, as well as reaffirming their commitment to the process and rules, may help to resolve the situation and allow the process to move forward. In cases where progress is made on substantive issues and trust and relationships between the parties are strengthened over time, the ground rules tend to become less important.

Ongoing capacity building

Capacity building is relevant at every stage of the dispute resolution process. While it is an important part of the early convening phase to prepare the parties for dialogue and address any pre-existing disparities, an ongoing effort throughout the process can help parties learn from their engagements and improve their dialogue, communication, and negotiation skills over time.

Capacity building also ensures that the parties remain aware of the consequences of their decisions on the outcome.

To this end, mediators play a crucial role in helping parties identify capacity gaps and skills that need to be strengthened. Continued coaching and capacity-building support from the mediators should be made available throughout the lifetime of the process and can help improve substantive outcomes for all parties.

Financing of Joint Fact-Finding (JFF)

Financing the costs of JFF was a challenge in this case, and the Parties spent significant time and effort trying to identify funding sources. Insufficient funding was the primary reason the mutually agreed 2019 JFF initiatives could not be implemented. The funding question was only resolved for the smaller pilot study on building damages, through a cost-sharing approach.

Complainants also provided feedback that CAO and IPAM need to recognize the asymmetry of power and resources between parties and find ways to “level the playing field” when parties wish to engage independent technical experts.

In terms of financing the costs of JFF, CAO dispute resolution experience and cases provide a number of different examples and models. In some cases, the private sector company has paid all the related JFF expenses. In other cases, parties have managed to agree on a collaborative cost-sharing structure, with some costs being

covered by third parties such as government agencies, industry associations, international organizations, civil society organizations, or private foundations.

To retain transparency and protect the credibility of the process and the experts, it can be helpful, in the early stages of the process, for parties to agree on a system for hiring and paying the experts, whether through an intermediary organization or directly.

CONCLUSION AND NEXT STEPS

Despite the efforts of all the Parties in seeking to resolve all the issues raised in the complaint, a final agreement was not reached. CAO's Dispute Resolution function has concluded its involvement in this case, and, with the explicit consent of Complainants, the case will be transferred to CAO Compliance in accordance with CAO Policy transitional arrangements.

All documentation relevant to this case is available on CAO's website at www.cao-ombudsman.org.

ANNEX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO dispute resolution specialists. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the Complainant (s); (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function, or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,¹ the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgement** of receipt of the complaint.

Step 2: **Eligibility**: Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).

Step 3: **Assessment**: Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function, or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with possibility of extension for a maximum of 30 additional business days if after the 90-business day period: (1) the Parties confirm that resolution of the complaint is likely; or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.

Step 4: **Facilitating settlement**: If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.²

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Complainant must provide explicit consent for the transfer, unless CAO is aware of Threats and Reprisals concerns. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business

¹ For more details on the role and work of CAO, please refer to the full IFC/MIGA Independent Accountability Mechanism (CAO) Policy

² Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

days, with the possibility of extending 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of non-compliance and related harm. Third, in cases where non-compliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**