

**CAO ASSESSMENT AND CONCLUSION REPORT**

**Regarding the Eighth Complaint Received in Relation to IFC's Investment in  
Karot Power Company Ltd. (IFC #[36008](#))**

July 2024

Office of the Compliance Advisor Ombudsman  
*for*  
the International Finance Corporation and  
the Multilateral Investment Guarantee Agency  
[www.cao-ombudsman.org](http://www.cao-ombudsman.org)

## **About CAO**

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO reports directly to the IFC and MIGA Boards of Executive Directors. CAO's mandate is to facilitate the resolution of complaints from people who may be affected by IFC and MIGA projects in a manner that is fair, objective, and constructive; enhance environmental and social outcomes of projects; and foster public accountability and learning to enhance the environmental and social performance of IFC/MIGA and reduce the risk of harm to people and the environment.

For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org)

## **About CAO Assessments**

Any person who believes they may be harmed by an IFC or MIGA project can submit a complaint to CAO. To determine whether a complaint is eligible, we apply three simple criteria. If the complaint is eligible, we conduct a formal assessment in consultation with the Complainant(s), IFC and MIGA Client and project teams, and other relevant stakeholders.

The CAO assessment process aims to develop a thorough understanding of the issues the complaint raises, work to understand all perspectives, engage with all key stakeholders to the complaint, consult with them to determine the process they choose to address the complaint, and consider the status of other grievance resolution efforts made to resolve the issues raised. The CAO assessment process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the facts and empower those involved to make informed decisions on how to address the issues raised.

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## ACRONYMS

CAO	Office of the Compliance Advisor Ombudsman
IFC	International Finance Corporation
KPCL	Karot Power Company Limited

## 1. OVERVIEW

On January 31, 2024, a complaint was lodged with CAO by three individuals (the “Complainants”) who were employed by a subcontractor of KPCL (the “Company”). The complaint raised concerns in relation to recent unfair recruitment practices by KPCL.

In accordance with Paragraph 49 of the CAO policy, CAO determined that the complaint met its eligibility criteria on March 20, 2024, and began its assessment process. During the assessment phase, CAO received information from the Complainants that the issue raised in their complaint was resolved and, as such, they decided to not continue with the CAO process. In accordance with Paragraph 55 of the CAO policy, CAO concluded the assessment process and closed the case.<sup>1</sup>

This Assessment Report provides an overview of the assessment process, including a description of the project, the complaint, the assessment methodology, and next steps.

## 2. BACKGROUND

### 2.1 The Project

IFC has an active project ([#36008](#)) with Karot Power Company Ltd. (KPCL), a special-purpose vehicle incorporated in Pakistan and majority-owned by China Three Gorges South Asia Investment Limited (CSAIL). IFC is providing an A-loan of up to \$100 million for the construction, operation, and maintenance of a 720-megawatt (MW) run-of-the-river hydropower plant on the Jhelum River near Karot village, in Punjab, Pakistan.

### 2.2 The Complaint<sup>2</sup>

In January 2024, CAO received a complaint from three individuals (the “Complainants”) who expressed that they had been unfairly treated in a recent hiring process by one of KPCL’s subcontractors. The three Complainants reside in the project’s area of influence and were employed by the Company. According to the complaint, the Complainants applied for the same position with another subcontractor. The Complainants stated that they were not rehired and that individuals who did not have previous experience and were not qualified obtained the positions instead. The Complaint further indicated that influential positions in the project are held by individuals from other districts, even though the project-affected area has qualified and experienced staff for positions at the Company.

## 3. ASSESSMENT SUMMARY

### 3.1 Methodology and Findings

The aim of the CAO assessment process is to clarify the issues and concerns raised by the Complainant(s), gather information on the views of different stakeholders, and determine whether the Complainant(s) and the IFC Client(s) would like to pursue a dispute resolution process facilitated by CAO, or whether the complaint should be handled by CAO’s Compliance

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<sup>1</sup> CAO policy paragraph 55, “where the complaint issues are resolved, and subject to the Complainant’s consent, CAO will issue an assessment and conclusion report to close the case.”

<sup>2</sup> CAO is currently conducting a compliance investigation for [Karot-02](#) and [Karot-03](#) complaints and dispute resolution processes for the [Karot 04](#) and [Karot-07](#) complaints. CAO also has recently determined two additional complaints related to this project ([Karot-05, and Karot-06](#)) to be eligible, but referred them to IFC, at the Complainants’ request. The Karot-05 and -06 cases are being addressed directly by IFC.

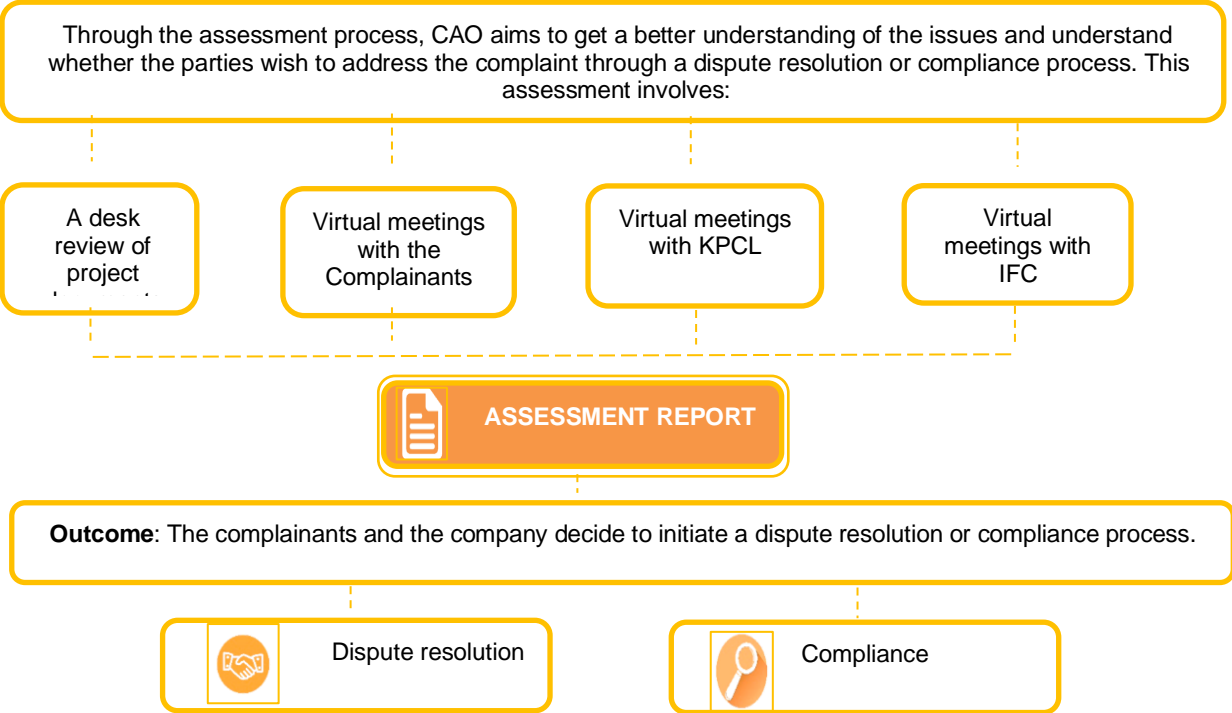
function for appraisal of IFC’s performance (see Appendix A for CAO’s complaint-handling process).

In this case, CAO's assessment of the complaint included:

- a desk review of project documentation;
- telephone conversations with the Complainants;
- a virtual meeting with KPCL representatives;
- a virtual meeting with the IFC project team.

Figure 2 shows the approach and methodology to be applied in CAO’s assessment process.

Figure 2. CAO Assessment Process



This report summarizes the views heard by the CAO team from the parties and describes the next steps based on their decisions.

### 3.2 Summary of Views

#### ***Complainants’ perspective***

The three Complainants are workers who reside in the project’s area of influence. During the assessment phase, the CAO assessment team contacted all three Complainants and had several calls between April and May 2024. The complainants explained their situations related to KPCL’s hiring practices, in that they felt that they had been unfairly treated in a recent hiring process by one of KPCL’s subcontractors. They informed the CAO assessment team that they resigned from their previous positions in order to apply for the same positions with another subcontractor. However, they were not hired for these positions and instead, unqualified individuals with less experience received the jobs. During follow-up calls with the Complainants, they informed the CAO that their issue was resolved and that they no longer wished to continue with the CAO case. They stated that they were satisfied with their individual

outcomes and, as such, considered the issue raised in the complaint resolved. The Complainants indicated that they do not wish to publicly disclose further information on how their issue was resolved.

***Client’s perspective***

In this case, given that the issue raised in the complaint was resolved before CAO was able to reach out to the company, the CAO team engaged with KPCL to notify them of the complaint and to inform them that the case will be closed during the assessment phase. During the call with the Company, the CAO team informed them that the complaint was related to unfair hiring practices and that the Complainants considered the issue to be resolved. In response, the company highlighted their efforts and commitment to enhancing their relationship with the communities. KPCL added that they have an interest in developing a good relationship with communities and as such, they have engaged in robust community engagement plans, which include several programs aimed at getting in touch with communities and understanding their issues. The Company noted that recently they hired many individuals from the local community.

As per paragraph 55 of the CAO policy, “where the complaint issues are resolved, and subject to the Complainant’s consent, CAO will issue an assessment and conclusion report to close the case.”

**4. ASSESSMENT CONCLUSION**

During CAO’s assessment, the Complainants informed CAO that their issue had been resolved. Therefore, as per paragraph 55 of the CAO policy, the CAO proceeded to issue an assessment and conclusion report and closed the case.

## APPENDIX 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,<sup>3</sup> the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgment** 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 the 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.

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 concerns about threats and reprisals. 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 days, with the possibility of extending by 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

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<sup>3</sup> For more details on the role and work of CAO, please refer to the IFC/MIGA Independent Accountability Mechanism (CAO) Policy: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy>.



report will be made public, along with IFC/MIGA’s response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance 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**

