



## DISPUTE RESOLUTION CONCLUSION REPORT–NICARAGUA SUGAR ESTATES LIMITED-01

*This report summarizes the CAO dispute resolution process in relation to a complaint received by CAO regarding IFC's investment in Nicaragua Sugar Estates Limited (NSEL).*

### SUMMARY

In 2008, the Office of the Compliance Advisor Ombudsman (CAO) received a complaint from former workers of Nicaragua Sugar Estates Limited (NSEL)—a client of the International Finance Corporation (IFC) and operator of a sugar production and processing facility in northwest Nicaragua. The complainants claimed they were suffering and dying from Chronic Kidney Disease (CKD), which they believed had developed while they were working for NSEL at the San Antonio Sugar Mill. It was also a disease about which they had little information, and their ability to feed their families, generate income, or improve their living conditions was severely compromised because of the disease and its progression.

A cycle of mistrust and mutual recrimination characterized the relationship between the complainants and NSEL. Tensions were running high among groups of former NSEL workers, who were pitched in protests outside the company facility, and several court actions had been filed against NSEL by community members.

The complainants requested CAO's intervention to provide an opportunity for dialogue to address these issues with NSEL. The company expressed concern about the impacts of the CKD over their workforce, emphasized that workers were temporary, rejected accusations that its work practices were to blame, and accepted CAO's invitation to participate in a dialogue process to find a solution to the dispute.

From 2008 until 2015, CAO worked with the complainants and company to initiate and sustain a dialogue process focused on finding joint solutions on the cause of the disease and ways to improve livelihoods and living conditions for the complainants, their families, and communities. This report summarizes the CAO dialogue process, its outcomes, IFC's role, and insights from CAO's perspective.



ASOCHIVIDA members who have lost their husbands or other family members to CKD

### CAO DIALOGUE PROCESS: OUTCOMES

1. Independent study by Boston University School of Public Health to investigate the cause of Chronic Kidney Disease (CKD) in the area.
2. Improvements in care for those suffering from CKD:
  - Medical needs assessment
  - Improvements to local health center
  - Medication and supplies
  - Short-term healthcare initiatives
3. Alternate means of livelihood and support for families affected by CKD:
  - Food aid
  - Microcredit fund
  - Local business initiatives
  - Poultry production project
  - Housing; and other donations

## **BACKGROUND: THE PROJECT, COMPLAINT, AND SEARCH FOR SOLUTIONS**

### **The IFC Project**

Nicaragua Sugar Estates Limited (NSEL) is the owner of the San Antonio sugar mill, an agro-energy complex located northwest of Managua, in the departments of León and Chinandega, Nicaragua. IFC invested in the project in 2006 to allow NSEL to expand production and processing of sugar cane, partly by purchasing land and introducing sugar cane cultivation into new areas.

### **The Complaint**

In March 2008, 673 residents of communities in León and Chinandega filed a complaint at CAO with the support of the Center for International Environmental Law (CIEL), a civil society organization based in Washington, D.C. Many of these residents are members of the *Asociación Chichigalpa por la Vida* (ASOCHIVIDA), a local organization created by former workers of the San Antonio sugar mill who are suffering from Chronic Kidney Disease (CKD) and reside in the town of Chichigalpa.<sup>1</sup>

The complaint raised concerns related to health impacts on local communities, including CKD and respiratory problems, which complainants claimed were a result of sugar cane activities; labor and working conditions; land acquisition in relation to Indigenous communities; offsite environmental impacts, including water contamination, air pollution, and pesticide effluents; and compliance with IFC Performance Standards, policies, and procedures.

### **The CAO Process**

After finding the complaint eligible for assessment, CAO conducted three visits to Nicaragua between June and November 2008. Organizations involved had wanted the CAO to undertake a compliance review of the project, however at the time of the assessment, CAO's practice was that reaching a settlement meant the case would be closed after CAO's dispute resolution intervention and no compliance review would take place. During assessment, both NSEL and ASOCHIVIDA expressed their willingness to participate in a dispute resolution process (dialogue) facilitated by



Workers harvesting sugar cane for the NSEL agro-energy complex

CAO to seek solutions to the CKD issue.<sup>2</sup> In November 2008, the parties signed a Framework Agreement, which outlined two areas of focus for the dialogue process:

1. Determining and addressing the causes of CKD in the locality.
2. Finding options to support local communities where CKD is prevalent.

From February 2009 to June 2012, CAO facilitated regular dialogue meetings between NSEL and ASOCHIVIDA to discuss and reach agreements on the issues defined in the Framework Agreement. CAO worked with both NSEL and ASOCHIVIDA through bilateral meetings and plenary sessions to learn about their needs, better understand each party's perspective, and help them find joint solutions to address the issues. The CAO mediation team comprised a highly skilled mediator with experience in helping to resolve community-company conflicts, and two technical experts that helped build the parties' capacity to engage on scientific and health matters being explored through the dialogue process. Each dialogue session provided an opportunity for NSEL and ASOCHIVIDA to reach a new agreement and implement it together. After more than 15 joint meetings over a three-year period, the process resulted in a signed agreement on June 28, 2012<sup>3</sup> between ASOCHIVIDA and

NSEL, which represented the conclusion of the mediated dialogue process convened by the CAO. In the agreement, the parties detailed the commitments they had made as a result of the three-and-a-half-year process and stated their willingness to continue direct dialogue to find further collaborative options to address CKD.

CAO concluded its facilitation of the dialogue process, and began monitoring implementation of the agreement and helped parties overcome any difficulties. In June 2015, after verifying the completion of all actionable items during a three-year monitoring period, CAO concluded its involvement in the case. The outcomes reached through the CAO dialogue process are summarized below.



Dialogue table meeting to discuss health and livelihood concerns related to chronic kidney disease

## OUTCOMES OF THE DIALOGUE PROCESS

### An Independent Study to Investigate the Cause of CKD

A critical concern for the parties was to understand the causes of CKD. To this end, the dialogue participants jointly considered research proposals from nine highly qualified institutions. The parties chose Boston University (BU) School of Public Health to conduct a set of independent research activities that were agreed by the dialogue participants. CAO facilitated the competitive

evaluation and selection process.

The BU team first conducted a scoping study in 2009 to summarize the available information on CKD in the region, identify data gaps, and recommend research activities to address those gaps. To follow up, the BU team completed six other research activities between 2009 and 2012:

1. Industrial hygiene/Occupational health assessment (August 2010)
2. Preliminary investigation of water quality (August 2010)
3. Qualitative analysis of interviews with physicians and pharmacists (September 2011)
4. Pilot study of feasibility of conducting a retrospective cohort study of current and former workers at the San Antonio sugar mill (February 2012)
5. Investigation of biomarkers in workers (April 2012)
6. Investigation of urinary biomarkers in adolescents (June 2012)

With the agreement of ASOCHIVIDA and NSEL, BU's research activities were co-financed by the CAO and the *Comité Nacional de Productores de Azúcar de Nicaragua*<sup>4</sup> (the National Association of Sugar Producers from Nicaragua- CNPA). The CAO administered the funds and BU reported to the dialogue table. CNPA had no role in the design or implementation of the studies. In total, about US\$1 million for research on the cause of CKD was marshaled at the initial stage, which has since been followed by nearly \$1.7 million from CNPA and *Los Azucareros del Istmo Centroamericano*<sup>5</sup> (Central American Sugar Producers - AICA) to continue and expand ongoing research discussed below.

BU found that, due to its unique characteristics, the type of CKD found in Nicaragua, and also present in other countries of Central America, has been referred to by some researchers as the "Mesoamerican Nephropathy" and by others as CKD of "nontraditional or unknown etiology". The cause of this kind of CKD is still unknown, but ongoing research by institutions in the region is analyzing a combination of risk factors.

BU's results provided evidence that one or more

of these risk factors are occupational, and more research is needed to identify them specifically. Heat stress—the stress on the body related to strenuous work at high temperatures—is one factor that is likely to play a role in the development of this type of CKD. Although heat stress on its own is an unlikely explanation for this type of the disease, it may magnify the effect of low-level exposures to agents that can be toxic for the kidneys, but alone would not result in CKD. Such low-level exposures to toxic agents could occur at work or away from work, and susceptibility could potentially vary due to genetic factors. The potential role of non-occupational factors was supported by BU's finding that adolescents who had not yet entered the workforce showed biomarkers of kidney injury.

BU's research efforts, along with the efforts of other researchers during the past five years, have helped improve understanding of where CKD has been occurring in Nicaragua and in Central America. Though most of BU's work focused on Nicaraguan sugarcane workers, where the problem has been well described, BU also found evidence that CKD with these similar unique characteristics is also present in workers in other industries, such as mining, construction, and ports. Mortality data and the work of other investigators have shown that this disease is prevalent along the west coast of Central America – particularly in the Guanacaste region of Costa Rica and the Bajo Lempa region of El Salvador - and in other countries, such as India and Sri Lanka.



Boston University team informing ASOCHIVIDA's General Assembly about their research activities.

Consistent with the idea that multiple factors are likely interacting to cause this type of CKD, BU is actively continuing to investigate both

occupational and non-occupational factors with a broader geographic scope. To support these new research projects, CNPA and AICA have donated funds to the United States Centers for Disease Control and Prevention (CDC) Foundation—CDC's non-profit, independent foundation. The Foundation in turn serves as the central administrative and coordinating lead for these research activities, and distributes funds to the various institutions involved. BU serves as the technical lead, assuming the primary responsibility for developing all study protocols, conducting the field investigations, analyzing the data, and disseminating the results. Additionally, Subject Matter Experts at CDC are providing technical assistance.

BU is developing a protocol to conduct a comprehensive, longitudinal study of CKD among Central American workers with the funding from AICA. A pilot study is being conducted to provide a preliminary assessment of workers' exposure to agrichemicals and to assess whether it is possible to follow the health of these workers over time. This pilot study will include 50 sugar cane workers who participated in the original biomarkers study conducted by BU as part of the CAO dialogue process.

With the funding from CNPA, BU is pursuing two lines of inquiry. First, through a combination of study designs, BU is investigating the possibility that a relatively common genetic variant exists that may accentuate the effect of other environmental or occupational exposures. Second, BU will also build on the results of the adolescent study by re-testing participants in the prior study and enrolling new participants in different geographic areas, and with a wider age range (age 7-17).

Rather than wait for specific causal factors of CKD to be confirmed, BU has emphasized that there are sufficient reasons to improve work practices to reduce risks to workers' health. BU made specific recommendations for such improvements in the Industrial Hygiene report released in 2010. According to NSEL, the company has implemented many of the recommended changes, including regular hydration, mandatory rest breaks, a two-week acclimatization period at the beginning of the harvest, and tents to provide shade. Additionally, NSEL has acquired a mobile clinic to routinely monitor the health of the workforce.

### Improvements in Care for CKD Sufferers

Medical needs for CKD sufferers in Chichigalpa are profound, particularly in light of limited access to medication, dialysis, and kidney transplant opportunities. At the CAO dialogue table, ASOCHIVIDA and NSEL agreed that looking for opportunities to improve the quality of local health care services was a priority.

In 2010, CAO commissioned a medical needs assessment conducted by independent local and international medical experts (Dr. Norman Jirón, Dr. Juan José Amador, Dr. Martha Pastora, and Dr. David Silver). After consulting with more than 20 local physicians and health authorities, the study recommended immediate improvements in the capacity of the Julio Durán Local Health Center, related to infrastructure, human resources, equipment, and supplies. The medical needs assessment also discussed options to improve care in the medium to long term.

In 2011, the German Investment Corporation (DEG),<sup>6</sup> one of NSEL's financiers, became aware of the outcomes of the dialogue process and decided to make its own financial contributions to complement NSEL's efforts. One of the joint initiatives has been a commitment of nearly \$320,000 by NSEL and DEG to the Nicaraguan Ministry of Health (MINSa) to make necessary improvements at the local health center. Subsequently, MINSa decided it would build a new primary hospital in Chichigalpa. A project was designed by public health experts to use the NSEL-DEG funds to install a renal health clinic alongside the general hospital that could offer dialysis services. The project never received final approval by MINSa and the renal health clinic was not built. Almost four years later, in 2015 MINSa finally authorized the original project to improve the local health center. Works have begun in July of 2015.

While progress with MINSa has been slow, the parties have implemented other short-term healthcare initiatives, with funding from NSEL:

- As a first step, ultrasound equipment and the services of a radiologist were provided to the local health center.

- In cooperation with the organization *Instituto de Acción Social Juan XXIII*,<sup>7</sup> ASOCHIVIDA sells low-cost medications to its members. For each dollar that ASOCHIVIDA puts into the program, NSEL contributes three dollars.
- In coordination with the local health center, ASOCHIVIDA provides free CKD medication, as long as members show a prescription from the local physician in charge.
- ASOCHIVIDA offers its members the daily services of a nurse for ASOCHIVIDA members who provides assistance with injections, serum, and blood pressure tests.
- ASOCHIVIDA provides economic support to cover transportation costs for 44 members who are under hemodialysis treatment.
- ASOCHIVIDA implemented a peritoneal<sup>8</sup> dialysis pilot project aimed at raising awareness about the benefits of this kind of treatment. Although the project included improvement of hygiene conditions at patients' houses and training for their families, the project did not deliver the expected results and highlighted the need to develop the capacity of local surgeons to adequately perform catheter implants for peritoneal dialysis. This need is being addressed through support from the Pan American Health Organization (PAHO).
- A dental care unit from *Universidad Nacional Autónoma de Nicaragua* (UNAN)-León visits ASOCHIVIDA on a weekly basis to provide services to members.

### Alternate Means of Livelihood and Support for Families Affected by CKD

Through the CAO dialogue table, ASOCHIVIDA and NSEL agreed to address the urgent need to support community members who are sick and unable to work, or are survivors of workers who have died. Support provided for the community by NSEL has included food aid, development of a microcredit and microleasing program, improvements to housing, and alternative income generation projects for ASOCHIVIDA members.



ASOCHIVIDA's General Assembly, which met frequently to discuss ways to help members deal with CKD.

Alongside NSEL, DEG has provided technical assistance to support entrepreneurial initiatives by ASOCHIVIDA members (implemented by a local development organization, NITLAPAN) and to support further capacity building and transformation of ASOCHIVIDA into a stronger and more mature organization.<sup>9</sup> A business development and institutional capacity-building expert has been providing support to the parties since January 2010 to help identify income-generating activities. This expert assistance was provided under CAO's auspices for four years and was taken on board by DEG in 2014. These activities are described in more detail below.

#### Food Aid

Since June 2009, responding to ASOCHIVIDA's request, NSEL has provided a monthly basic food allotment for ASOCHIVIDA's members, beginning with 1,100 and now reaching over 2,500 families (as well as school supplies for 1,545 children at the start of the school year). To date under this program, NSEL has provided over \$4 million in food aid to community members.



ASOCHIVIDA member transporting food aid support.

#### Microcredit Fund and Local Business Initiatives

ASOCHIVIDA controls \$165,000 in funding that was donated by NSEL to be granted to its members for microcredit projects under favorable conditions (low interest rates and long payback periods). The fund is managed solely by a local microfinance institution, *Centro de Promoción del Desarrollo Local*<sup>10</sup> (CEPRODEL) on behalf of ASOCHIVIDA. While nearly 350 families have benefitted from this program, only around 100 have repeatedly taken loans and paid them back. In light of this, a shift from microcredit to microleasing was adopted in 2011 with better results.

NSEL and DEG each provided half the financial support—about \$87,000 each—to implement a project designed and directed by a local micro-leasing organization, NITLAPAN, to support ASOCHIVIDA members in designing and developing business initiatives. Microleasing support has been extended to 125 families for their business initiatives. The model has been very successful, with only four percent of beneficiaries experiencing delays in making lease payments.



A bakery project, one of many small projects initiated to help ASOCHIVIDA members (Felix Davy/CAO)

### Poultry Production Project

In 2012, NSEL purchased an industrial poultry production facility for \$253,500 and since June that year, all profits generated by the facility have accrued to ASOCHIVIDA. Since 2013, this project has been generating a monthly profit of \$1,500 for ASOCHIVIDA. This profit, soon expected to increase to \$2,000, is used by ASOCHIVIDA to grow its medication fund, support members going through hemodialysis, helping those who have lost a family member, and general operational costs of the organization. NSEL will eventually transfer full ownership and administration of the facility to ASOCHIVIDA.



The poultry project initiative to support ASOCHIVIDA members

### Housing

With joint contributions from NSEL, the Inter-American Development Bank (IADB), the

Colmena Foundation,<sup>11</sup> the National Housing Institute (INVUR), and the Municipality of Chichigalpa, 100 new houses have been built for members of ASOCHIVIDA who had lived in poor conditions. In addition, materials have been periodically to members to repair their existing homes. According to NSEL, the total budget for the project is in excess of \$600,000.



Houses constructed for ASOCHIVIDA members in Chichigalpa.

### Other Donations

Through the American Nicaraguan Foundation,<sup>12</sup> a charitable foundation established by the Pellas family, every semester ASOCHIVIDA receives donations of clothes, powdered milk, and personal hygiene items, among other items. According to NSEL, total donations have amounted to over \$100,000.

### **IFC'S ROLE IN THE PROCESS**

The degree to which IFC plays a role in CAO dispute resolution processes varies, and in significant part depends on whether the parties request IFC's participation. In this case, the complainants expressed the desire to have direct interactions with IFC from an early stage to have the opportunity to ask questions. Later in the process, the parties sought institutional support

from IFC to enhance the sustainability of the agreements made through financial and technical support. The parties have expressed some frustration at IFC's responsiveness to these requests.

Early requests for IFC to play a role were reflected in CAO's assessment report issued in late 2008. Here, CAO urged representatives from IFC's due diligence team to meet with community representatives under the auspices of the CAO to discuss their procedures, explain how decisions are made, and seek a better understanding of opportunities to improve IFC's procedures. The CAO offered its facilitation support for such a meeting to be held in a neutral location in Nicaragua and under agreed ground rules for participation. But no expression of interest from the IFC was received by the CAO for this meeting to take place.

As agreements began to be reached through the CAO dialogue process as early as 2009 and resources were needed to implement them, NSEL and ASOCHIVIDA asked CAO to engage with IFC and other development institutions for assistance. CAO thus approached IFC regarding various opportunities for engagement.

In 2009, IFC's Corporate Advice and Supply Chains Unit conducted an assessment of the potential for an income generation project for the community. IFC met bilaterally with NSEL and ASOCHIVIDA and recommended hiring a business development expert to assist ASOCHIVIDA. CAO hired the expert in January 2010 and paid for their services until 2014. Thereon, DEG assumed responsibility for contracting ongoing support from the expert while continuing to finance health care and local development initiatives.

DEG's participation was welcomed by ASOCHIVIDA and NSEL. They hoped that IFC would engage in a similar way to help address the other initiatives related to CKD that they were working on. Despite attempts by CAO to help facilitate IFC's engagement with the parties over a five-year period, IFC's involvement at the time of writing has been limited to the following scope:

- Social specialists from IFC's Advisory Services team assigned to the NSEL project undertook a pilot scoping visit to Nicaragua in January 2013 to assess whether there were opportunities for continued IFC involvement and capacity building support for

ASOCHIVIDA following CAO's exit. IFC indicated that the rationale for this visit was to explore how IFC involvement could be continued after the case had been mediated to ensure that final outcomes could be sustained. In July 2013, IFC presented a proposal to NSEL. In April 2014, IFC reported that it had provided advice to NSEL on the poultry production project to make the operation financially self-sustainable. IFC sent an industry expert to review the project, who concluded that the poultry unit was doing well, but that opportunities for scaling up and/or replicating the business were not obvious at this stage.

- Based on lessons learned from CAO's dialogue process and BU's research, IFC states that CKD management is now an explicit part of IFC's due diligence in all its agribusiness and non-agribusiness investments in Central America, with a strong focus on preventive and remedial measures, where applicable. IFC also states that its Occupational Health and Safety (OHS) appraisal now includes an evaluation of pre-employment screening for CKD; monitoring and management of the disease during employment; and procedures to address prevention, education, and mitigation of CKD in the workforce and in the supply chain. IFC indicates that, in accordance with its Performance Standards, it also requires the implementation of employee and community grievance mechanisms.
- IFC reports that it has developed a set of best practices and behaviors related to CKD based on measures implemented by clients in Nicaragua and inputs from IFC specialists, with the aim of raising awareness and improving outcomes and quality of life for those living with CKD. Currently, IFC is in discussions with DEG to develop an educational tool to prevent and control risk factors for CKD and improve overall management of the disease.

CAO has not monitored or verified IFC's action items relating to implementation of improvements on OHS in future IFC projects as they were not a result of engagement with the parties through the CAO dispute resolution process.

It is noted that beyond the action items indicated by IFC, in 2013, well into the CAO process in Nicaragua, IFC decided to make a new investment

in the Nicaraguan sugar sector without reaching out to CAO or the BU team for guidance or lessons learned. IFC's Environmental and Social Review Summary did refer to preventive measures at the workplace for workers potentially at risk. However, different national and international stakeholders expressed their concern that IFC was misrepresenting BU's findings by stating that "(n)o direct relationship between the sugar sector and the disease has been established."<sup>13</sup> In a context of heated controversy about the causes of CKD, IFC's statement was received by various groups working on this issue as dismissive of ongoing research efforts, the CAO process, and potential impacts of IFC's investment in the same sector and region.

## INSIGHTS FROM THE PROCESS

### **Addressing Needs that Go Beyond a Local Dispute: Laying the Foundation for a Broader Institutional Engagement and a Public Policy Response**

CAO's dispute resolution function provides a neutral space for project-affected communities and IFC clients to find collaborative, sustainable solutions to environmental and social concerns, and more broadly to turn project risks and impacts into opportunities.

Early in the CAO dialogue process, it became apparent that the geographic scope of CKD and the needs of those affected were much broader than the company-community dispute CAO was asked to mediate. Although the outcomes of the CAO process were substantial for ASOCHIVIDA and NSEL, the needs of those suffering from the disease are wider and deeper than what can be addressed by a single and local process. CKD touches upon issues related to access to and quality of health care, employment opportunities, socioeconomic development, and medical research, many of which are dependent on the involvement of the government of Nicaragua and other regional and international actors. The case highlighted the need for broader support to move research forward, dramatically expand health care services, and introduce changes in work practices to reduce risks. It became evident that the need to address this systemic health issue impacting a group of poor people in a marginalized community called for a broader engagement in which

Nicaraguan government agencies and the international community needed to be at the center.

As early as 2008, CAO approached MINSAs about the problem. But catalyzing action beyond the involvement of the direct parties has been challenging, as the local needs in Chichigalpa had to be weighed against constrained budgets and competing priorities. CAO therefore tried to involve and partner with other national, regional, and international agencies, including the IFC and the World Bank. However, CAO encountered greater challenges getting traction on the issues with these entities than anticipated. This represented a particular challenge for the CAO, who has had to carefully manage expectations about its facilitating role—both to ensure that ASOCHIVIDA and other parties understand the limits of CAO's mandate, but also to leave in place as much support as possible to ensure sustainable outcomes from the process.

DEG quickly understood the role of the CAO, saw the value of the CAO-convened process and has substantially engaged in the search for solutions with its client and affected community members. DEG's support has been central to the sustainability of outcomes on the ground.

After concluding its mediation role in June 2012, the CAO continued attempting to involve development cooperation organizations. The CAO began to look for opportunities to support a transition towards a public policy response according to the scale of the problem and led by national and international institutions with the appropriate mandate. In June 2013, PAHO took up a decisive role. With a regional mandate to address CKD, its new representative in Nicaragua has taken an active stance, supporting various initiatives in close coordination with MINSAs and in cooperation with all stakeholders. The results of the dialogue process represented an important stepping-stone for PAHO's efforts and positive impacts are beginning to be seen:

- Access to hemodialysis for CKD patients has expanded. Today, 44 members of ASOCHIVIDA are under treatment. Hemodialysis services are now available in Chinandega and will soon be available in Chichigalpa's hospital, which will significantly reduce travel efforts for patients.

- MINSA has approved stem-cell treatment for 20 patients with financial support from the Pellas Group.
- The United Nations system in Nicaragua is structuring a multiagency program to address CKD and support families suffering from it.
- MINSA is starting to set up a CKD surveillance system in order to collect reliable data about morbidity, mortality and prevalence.
- The services of a nephrologist are once again available in the Department of Chinandega.
- ASOCHIVIDA will soon receive a grant from PAHO to visit a group of CKD patients in Guanacaste and learn from their experience in peritoneal dialysis.

As the CAO brings its involvement to a close, even when much remains to be done, these initiatives (and others still in their very early stages) are gradually shaping a public policy response that fits the size of the challenge.

### **The Role of Scientific Research in the Context of a Dispute**

By 2008, ASOCHIVIDA members had repeatedly been deceived by unscrupulous local leaders or lawyers who would assure them that the cause of their disease was already known and that proof of cause was being hidden from them. Therefore, when ASOCHIVIDA and NSEL jointly chose BU to respond to their questions about the causes of the disease, most ASOCHIVIDA members were expecting scientists to easily deliver evidence that would back their demand for economic compensation.



From this desk, ASOCHIVIDA tracks and allocates food supplies to 2,000 members each month.

BU research efforts catalyzed by the dialogue process were unprecedented in scope and resources. But the outcomes of the research into the disease revealed a more complex scenario than ASOCHIVIDA was hoping for. Early in the

process, BU noted that the disease was likely to be the result of a combination of occupational and non-occupational factors, and determining which specific factors are at play would take additional time, resources, and more research. BU also stated that even if the specific causal factors are not yet known, there was sufficient reason to introduce changes in work practices to reduce risks to workers' health. NSEL has reported taking important steps in this regard, as described above. ASOCHIVIDA appreciated the honesty and consistent effort made under the CAO process to safeguard members' right to learn what is known and not known about CKD. But it has been difficult for them to understand why the research has taken so long to find the cause of a disease that is affecting so many people.

In this difficult setting, and conscious of the long path that lies ahead, all research efforts triggered and conducted as a result of the CAO dialogue process between NSEL and ASOCHIVIDA have been an essential contribution toward transforming the dispute into an opportunity for constructive engagement and highlighting the need for a more comprehensive public policy response to this problem.

### **Building Collaborative Relationships in a Complex and Highly Charged Setting**

One of the most powerful outcomes of a dispute resolution process is its ability to redefine and transform relationships. This case is a strong example of this potential. It is the CAO's belief that cooperative relationships need to be built among multiple actors to effectively tackle the complex challenges posed by a chronic issue, in this case the highly sensitive health impacts of CKD.

The dialogue process gave both parties—ASOCHIVIDA and NSEL—an opportunity to move beyond blame and start looking for joint solutions. A channel of communication between these two groups was created, enabling discussions that led to an opportunity to agree on tangible outcomes, but also to gain a deeper understanding of the concerns, needs, and constraints those suffering from CKD were facing in the short, medium, and long term.



CAO team with ASOCHIVIDA and NSEL dialogue table participants after signing closure agreement in June 2012

As a result of its participation in the dialogue process, ASOCHIVIDA grew institutionally and in size. Its membership went from around 600 people to more than 2500. But growth also brought challenges. Its membership is in the process of becoming more cohesive. Building trust among members and with NSEL will require a sustained long-term effort. Also, there are CKD-affected former workers in Chichigalpa who do not belong to ASOCHIVIDA, either because they chose not to or because they were not directly hired by NSEL, and who expect to receive similar benefits.

Beyond all difficulties, while CKD in Central America is becoming a priority for national and international public health institutions, and scientists continue to advance in the search for the causes, NSEL and ASOCHIVIDA representatives continue to meet regularly and work together to devise solutions that can address the severe needs of families affected by CKD.

## NOTES

<sup>1</sup> The complaint included community members from Goyena and Abangasca, in the department of León, who raised concerns related to water, Indigenous Peoples' land, and the project grievance redress mechanism. These issues were closed in April 2010. Details of these issues can be found in the closure report posted on CAO's website: [http://www.cao-ombudsman.org/cases/document-links/documents/NSELissuesGoyenaandAbangasca\\_ConclusionReport.April2010.English.pdf](http://www.cao-ombudsman.org/cases/document-links/documents/NSELissuesGoyenaandAbangasca_ConclusionReport.April2010.English.pdf).

<sup>2</sup> The other issues raised in the complaint were addressed separately. See note 1.

<sup>3</sup> The agreement can be found at [http://www.cao-ombudsman.org/cases/document-links/documents/NSEL\\_ASOCHIVIDA\\_CAO\\_SignedAgreement\\_June282012\\_eng.pdf](http://www.cao-ombudsman.org/cases/document-links/documents/NSEL_ASOCHIVIDA_CAO_SignedAgreement_June282012_eng.pdf).

<sup>4</sup> CNPA is a civil nonprofit association whose purpose is to promote the entrepreneurial activity of the Nicaraguan sugar industry. Sugar mills that make up the CNPA are SER San Antonio, Monte Rosa, South Sugar Company, and Montelimar. See <http://www.cnpa.com.ni/>.

<sup>5</sup> AICA is a civil nonprofit association whose purpose is to promote the entrepreneurial activity of the sugar industry in Central America.

<sup>6</sup> DEG is a member of the KfW German Development Bank. DEG's stated mission is to promote business initiatives in developing and emerging market countries as a contribution to sustainable growth and improved living conditions of the local population. See <https://www.deginvest.de>.

<sup>7</sup> Instituto de Acción Social Juan XXIII is a social action institute of the Central American University (UCA), a Jesuit university that promotes social justice and helps solve affordable housing, health, and development problems in Nicaragua. See <http://www.juanxxiii.org.ni/index.php>.

<sup>8</sup> See <https://www.kidney.org/atoz/content/peritoneal>

<sup>9</sup> DEG has extended \$299,050 in technical assistance to improve the health situation for patients suffering from CKD in the municipalities of Chichigalpa and Chinandega. Activities include: 1) technical assistance for entrepreneurial and human development in agribusiness and other areas for local income generation (September 2012–August 2013); 2) the first phase of support (setting up a revolving credit fund) and capacity building for entrepreneurial initiatives for ASOCHIVIDA members in Chichigalpa and Chinandega (September 2012–August 2014); 3) the second phase of support (a capital increase for the revolving credit fund) and capacity building for entrepreneurial initiatives for ASOCHIVIDA members in Chichigalpa and Chinandega (September 2014–August 2016); and 4) support for the services of a business development expert, Rogerio Cuadra, to continue promoting income generation activities for ASOCHIVIDA and its members (July 2014–April 2015).

<sup>10</sup> CEPRODEL's mission is to promote local sustainable development, facilitating vulnerable groups' economics, organizational and technological options to overcome poverty based on its creative potential. See <http://www.ceprodel.org.ni/index.php?lang=es>

<sup>11</sup> Colmena Foundation is a nonprofit organization whose main objective is to develop housing programs and living conditions in the service of communities in Nicaragua. See <http://fundacioncolmena.org/fc/>.

<sup>12</sup> ANF was founded by Alfredo Pellas Jr., Theresa Pellas, and Father León Pallais to help mitigate the effects of poverty in Nicaragua. See <http://www.anfnicaragua.org/index.php?lang=en>.

<sup>13</sup> See the IFC Environmental & Social Review Summary for Ingenio Montelimar at <http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/c9aba76ed1df1938852571c400727d66/d310031ddb9e71485257b260077f706?opendocument>.

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All documentation related to this case, including the research studies by Boston University School of Public Health, is available on the CAO website:  
[www.cao-ombudsman.org](http://www.cao-ombudsman.org)