CAO ASSESSMENT REPORT

Regarding a Complaint Received in Relation To
IFC’s Investment in Valor Opportunity Fund (43308) in Brazil

July 2021

Office of the Compliance Advisor Ombudsman
for
the International Finance Corporation and the
Multilateral Investment Guarantee Agency
www.cao-ombudsman.org
About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the private sector arms of the World Bank Group. CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA-supported projects in a manner that is fair, objective, and constructive, and to enhance the social and environmental outcomes of those projects.

For more information, see www.cao-ombudsman.org
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TABLE OF CONTENTS</td>
<td>III</td>
</tr>
<tr>
<td>LIST OF ACRONYMS</td>
<td>IV</td>
</tr>
<tr>
<td>1. OVERVIEW</td>
<td>1</td>
</tr>
<tr>
<td>2. BACKGROUND</td>
<td>1</td>
</tr>
<tr>
<td>2.1 The Project</td>
<td>1</td>
</tr>
<tr>
<td>2.2 The Complaint</td>
<td>1</td>
</tr>
<tr>
<td>3. ASSESSMENT SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>4. NEXT STEPS</td>
<td>2</td>
</tr>
<tr>
<td>ANNEX A. CAO COMPLAINT HANDLING PROCESS</td>
<td>3</td>
</tr>
</tbody>
</table>
# LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAO</td>
<td>Office of the Compliance Advisor Ombudsman</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency</td>
</tr>
</tbody>
</table>
1. OVERVIEW

In March 2021, CAO received a complaint from community members in São Paulo, Brazil raising health and safety concerns related to the largest bike-sharing company in Brazil and Latin America - Tembici - which is supported by IFC through an investment fund owned by Valor. CAO found the complaint eligible in April 2021. CAO conducted an assessment of the complaint during which the complainants and Tembici expressed an interest in engaging in a CAO dispute resolution process to resolve the issues raised in the complaint.

2. BACKGROUND

2.1 The Project

IFC has active equity investments of up to US$ 7 million in Valor Venture Fund II, US$30 million in Valor Venture Fund III and up to $10.5 million in Valor Opportunity Fund. Valor Venture and Valor Opportunity both invest in early to late-stage technology companies and international technology companies operating in, or seeking to expand into Latin America and specifically into Brazil. Valor Opportunity Fund has an active investment in Tembici, the largest bike-sharing company in Latin America. In 2020, Tembici partnered with iFood - a mobile platform where customers can find and order food from restaurants - to implement the project "iFood Pedal". According to information on Tembici’s website, the project includes flexible plans for iFood delivery partners to use Tembici’s bikes and create support points where delivery partners can check-in and return e-bikes, eat, and charge their phones, among other services.1

2.2 The Complaint

The complaint was submitted to CAO by an individual on behalf of himself and the residents of the building in which he lives in Sao Paulo, Brazil (the Complainants). The complaint raises concerns related to the establishment of a Tembici/iFood support point in October 2020 near the building, which - according to the Complainants – resulted in crowding the sidewalk on a daily basis, to the point where residents had to walk on the road, putting their physical safety at risk. The Complainants also indicated to the CAO that they received threats from one delivery partner, and that the incident was recorded in a police incident report. According to the Complainants, their concerns were exacerbated by the pandemic because the large number of delivery partners using the support point, whether inside and outside the property, did not respect social distancing or wear the mandatory masks to prevent COVID-19 infections. In addition, the Complainants allege that some of the delivery partners rode bicycles without taking any precaution, including riding in the wrong direction of the road and on the sidewalk, generating additional risks to residents’ safety.

3. ASSESSMENT SUMMARY

The aim of the CAO assessment is to clarify the issues and concerns raised by the Complainants, gather information on the views of different stakeholders, and determine whether the Complainants and IFC client/sub-client would like to pursue a dispute resolution process facilitated by CAO or whether the complaint should be handled by CAO’s Compliance function for appraisal of IFC’s performance (see Annex A for CAO’s complaint-handling process). CAO does not make any judgment on the merits of the complaint during the assessment process.

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

- desk review of project documentation, information shared by the Complainants, and background information on the case;
- video conferences and email communications with the IFC team in charge of the Project;
- video conferences and email correspondence with the Complainants;
- video conferences and email correspondence with Valor and Tembici.

A CAO assessment typically involves a field visit to meet with the complainants and company to gain a better understanding of the situation. Due to COVID-19-related restrictions on travel and social gatherings, CAO could not arrange in-person meetings with the relevant stakeholders involved in this case. However, CAO decided not to delay the assessment of the complaint and conducted the assessment via virtual platforms.

During conversations with CAO, the Complainants explained that they have been in direct contact with Tembici about the issues raised in the complaint and acknowledged that the latter took steps to improve the situation. During conversations with CAO, Tembici and Valor noted that they take complaints raised in relation to their operations seriously and have been engaging with the Complainants directly to try to address the issues raised.

4. NEXT STEPS

As a result of conversations held during the assessment stage, CAO found that while the parties may have differing views about the issues raised in the complaint, they have been in communication to address them and both parties expressed their desire to reach an agreement through a CAO dispute resolution process. The complaint will therefore be transferred to CAO’s Dispute Resolution function.
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 CAO’s Operational Guidelines, 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 working days).

Step 3: **CAO 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 120 working days.

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 a Compliance process, CAO’s Compliance function will initiate an appraisal of IFC’s/MIGA’s environmental and social due diligence of the project in question to determine whether a compliance investigation of IFC’s/MIGA’s performance related to the project is merited. The appraisal time can take up to a maximum of 45 working days. If an investigation is found to be merited, CAO Compliance will conduct an in-depth investigation into IFC’s/MIGA’s performance. An investigation report with any identified non-compliances will be made public, along with IFC’s/MIGA’s response.

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

Step 6: **Conclusion/Case Closure**

---


3 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 closed the complaint and transferred it to CAO Compliance for appraisal.