

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

Community Members and IFC Client Company in Nicaragua Advance Towards Full Implementation of Mediation Agreement Despite COVID-19

Twelve-months into the monitoring stage of the CAO process, and despite the COVID-19 pandemic, the Asociación Montelimar Bendición de Dios (AMBED) and Corporación Montelimar, an IFC client, continue to make steady progress in Nicaragua to implement their final mediation agreement and reach new agreements as a result of their ongoing direct dialogue. CAO's involvement followed a complaint filed in 2015 by AMBED raising social and environmental concerns, including the impact of Chronic Kidney Disease (CKD) on workers and communities surrounding the Montelimar mill, owned and operated by Corporación Montelimar. The parties' agreement set out various actions and commitments related to health, employment and income generation projects.

Both parties have shown a unique capacity and commitment to adapt to the new reality brought by COVID-19. The CAO equipped AMBED's leaders with smartphones and internet service and trained both parties in the use of videoconferencing apps and the production of short videos to keep their members informed. Since April 2020, parties have held joint virtual meetings which resulted in new agreements and resumed implementation of all

commitments included in their final mediation agreement.

The negotiations have focused mainly on health support initiatives and sustainable income generation projects for the community. A cooperative involving almost 180 former workers and operating a small textile factory has remained active throughout the pandemic and progresses towards financial sustainability. A pilot microcredit fund has been established and will

begin operations shortly. As a response to the dire economic situation created by the pandemic and in coordination with additional donors including SOMO, a Dutch NGO, the company agreed to provide temporary food supply and a hygiene kit to AMBED's members. Parties have also completed their third participatory round of monitoring water quality and will soon disseminate results to community members. More information about the case is available on [CAO's website](http://www.cao-ombudsman.org).



Community members gather to receive food and hygiene supplies.

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CAO Concludes Monitoring of Paper Manufacturing Investigation in Malaysia

In July 2020, CAO released a compliance monitoring report following its 2018 investigation of IFC's investment in Bilt Paper in Malaysia. In June 2015, an employee union filed a complaint with CAO on behalf of employees at Sabah Forest Industries (SFI), a pulp and paper manufacturing facility in Malaysia. At the time the complaint was submitted, SFI was owned by Bilt Paper B.V, an IFC client. The complaint raised concerns about freedom of association for the workers at SFI. In April 2018, CAO released a compliance investigation of the case, finding that IFC did not adequately appraise and supervise the application of freedom of association requirements at SFI.



Workers at Bilt's pulp and paper manufacturing plant in Malaysia

CAO's monitoring of this case found IFC's response to project-level compliance findings unsatisfactory. In explaining the decision not to take up the findings with its client, IFC noted its lack of leverage and standing to engage with SFI as its operations have been shut down and the company was being sold by Bilt Paper. CAO decided to

close the case considering that IFC's client no longer has managerial oversight or control of SFI. Matters relating to IFC's supervision of its client's compliance with Performance Standard 2 freedom of association commitments may be addressed through CAO's Advisory role. [Learn more about this case.](#)

COMPLIANCE CASE

IFC Proposes Strengthening E&S Standards in PPP Projects in Response to India Port Project Investigation

In July 2020, CAO released a compliance monitoring report regarding IFC's involvement in the Vizhinjam port project in India. In 2012 and 2013, CAO received three complaints from local residents regarding the environmental and social impacts of the project on tourism and fishing and lack of stakeholder engagement. IFC provided advisory services to the Government of Kerala to help structure and implement the project. In January 2018, CAO released a compliance investigation finding that IFC supported the project without a reasonable assurance of the client's commitment to develop it in accordance with IFC's environmental and social standards. In addition, the investigation found that the Environmental and Social Impact Assessment (ESIA) produced by IFC was not fully consistent with the Performance Standards, particularly in relation to land acquisition and project impacts on livelihoods. IFC concluded its advisory role with the project in March 2013.

CAO noted in its monitoring report that IFC's response to the compliance investigation did not include any engagement with the client or complainants, and did not undertake any project-level actions to address the complaint. CAO therefore focused its monitoring on measures taken by IFC at the level of policies, procedures, practice, and knowledge and found these to be 'satisfactory'. Partly as a result of this case, IFC proposed several policy changes to strengthen the application of environmental and social standards in private public partnership (PPP) projects. CAO decided to close the case based on these policy changes and because IFC no longer has any direct involvement with the Kerala Port project. [Learn more about this case.](#)

OUTREACH EVENTS

CAO Shares Dispute Resolution Good Practices

CAO's Dispute Resolution team has participated in several knowledge sharing events over the past few months. At the end of July, CAO participated along with colleagues from the Inter-American Development Bank's [accountability mechanism \(MICI\)](#) and [Bank Information Center \(BIC\)](#) in a panel discussion about the role of non-judicial complaint mechanisms in development finance at the [Second American Congress in Mediation and Arbitration](#). The Congress gathered practitioners and civil

society organizations from Latin America to learn about policy advances and participative tools in the field of dispute resolution. In September, CAO was invited to present its [Dispute Resolution Gender Guidance Note](#) to the IFC Gender Network, which meets regularly to discuss gender-related issues. The objective of CAO's gender note is to support mediators by providing context-specific strategies and tools which they can use to establish gender-inclusive mediation processes.

CAO Helps Organize 17th Annual Meeting of the Independent Accountability Mechanisms

In its current role as Chair of the Secretariat of the Independent Accountability Mechanisms Network (IAMnet), CAO helped the network organize its 17th Annual Meeting, which was held on September 23-24, 2020 hosted by the Independent Investigation and Consultation Mechanism (MICI) of the IDB. Reflecting the travel restrictions imposed by the COVID-19 epidemic, the meeting was held virtually for the first time. Over 100 staff from 20 mechanisms and some 30 countries participated. The agenda included a discussion of recent reviews and reforms of various mechanisms, shared experiences and good practices in providing remedy, and the implications of the COVID-19 pandemic on their work. The IAMs also co-hosted a roundtable discussion on barriers to complaint eligibility with 23 civil society organizations who work on accountability, human rights, and environmental issues. [Learn more.](#)



ADVISORY

CAO Presents Grievance Mechanism Toolkit at International Impact Assessment Conference

In June 2020, CAO's Advisory team presented its **Grievance Mechanism Toolkit** in an online webinar hosted by the **International Association for Impact Assessment (IAIA)** and sponsored by the Washington Area Branch (WAB) of the IAIA. Over 450 professionals registered for the session demonstrating the ongoing demand for practical guidance on designing, implementing, and assessing project-level grievance mechanisms. Participants included seasoned professionals involved in implementing and assessing grievance mechanisms as well as those new to the field seeking general guidance.

CAO received positive feedback on the session, particularly on the usefulness of the toolkit and its collection of case studies, adaptable templates, and multi-sector guidance. Participants also expressed an interest in more guidance on building effective grievance mechanisms in fragile contexts, including during the current pandemic, where traditional stakeholder engagement methods are not possible. CAO's Advisory team is assessing where it may be able to provide further insight around the design and implementation of grievance mechanism in light of current global challenges. CAO's toolkit is available at www.cao-grm.org.



ADVISORY

CAO Leads Development of Advisory Good Practice Note for IAMs

CAO's Advisory team presented a good practice note at the IAM annual meeting in September 2020. The note was the result of collaboration between CAO and colleagues at other IAMs outlining good practices in mandates, procedures, outputs, and impact of their advisory work. In particular, the note focuses on principles as well as structural and operational aspects that help to promote positive uptake of advisory recommendations by development finance institutions and contribute to positive environmental and social performance. The note also highlights the importance of lessons learned products and other creative and collaborative methods to foster dialogue and learning. Learn more about IAM good practice work at the [IAMnet website](#).

Virtual Outreach to Civil Society in Central America and Brazil

CAO has shifted its outreach model to virtual platforms in response to the COVID-19 pandemic. This quarter, CAO has partnered with four other accountability mechanisms to carry out outreach webinars to civil society organizations in Central America and Brazil. On July 2, 2020, CAO co-hosted a webinar with the Inspection Panel and MICI covering Costa Rica, Nicaragua, and Panama. This was followed by two webinars in Brazil on September 3 and 10 also including the Independent Redress Mechanism of the Green Climate Fund and UNDP's Social and Environmental Compliance Unit. All three webinars were co-hosted with national and international NGOs including the International Accountability Project, Pan American Development Foundation, and International Rivers who work on accountability, human rights, and environmental issues. The NGO partners took the lead in identifying and inviting local organizations to participate and also helped moderate the sessions.

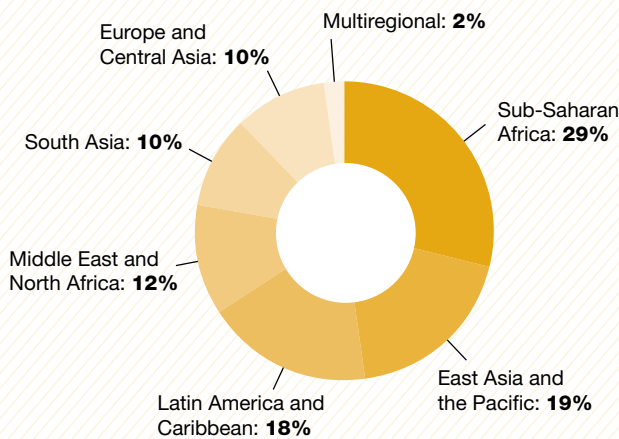
Representatives from some 100 community groups, NGOs, trade unions, and foundations from the four countries participated. Each session, hosted over a two and half hour period, included a joint presentation on policies and procedures of the mechanisms, presentations by CSOs with experience submitting complaints to the mechanisms, and general discussion, followed by virtual break-out rooms to cover additional questions. Topics discussed included what types of issues communities can seek redress for, the role of the mechanisms in preventing harm from occurring, and whether complainants have any recourse when development finance institutions boards do not approve investigations recommended by the mechanisms. This outreach series built on earlier sessions in Latin America with **OHCHR** Colombia in May and June. [Learn more.](#)

CAO CASE TRACKER FY20

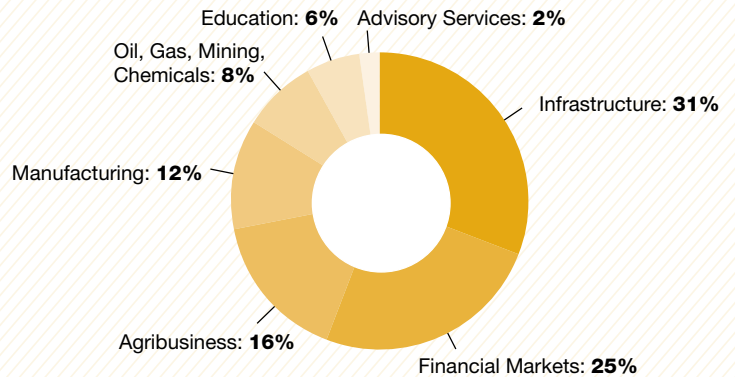
Status as of September 30, 2020. For more information, see www.cao-ombudsman.org/cases

During the first quarter of fiscal year 2021 (July 1, 2020 – September 30, 2020), CAO accepted one new complaint from Jordan regarding a wind farm and referred a second case from Jordan regarding a solar plant to dispute resolution. CAO is currently handling 49 cases in 28 countries in varying stages of assessment, dispute resolution, and compliance.

CASES BY REGION



CASES BY SECTOR



FOR MORE INFORMATION

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