



SOLUTIONS • ACCOUNTABILITY • LEARNING

# OVERVIEW

ANNUAL REPORT 2016

OFFICE OF THE  
COMPLIANCE ADVISOR OMBUDSMAN

Independent Accountability Mechanism for  
the International Finance Corporation (IFC) &  
Multilateral Investment Guarantee Agency (MIGA),  
World Bank Group

## OUR MISSION

CAO's mission is to serve as a fair, trusted, and effective independent accountability mechanism and to improve the environmental and social performance of IFC and MIGA.



## 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), members of the World Bank Group. CAO is mandated to address complaints from people affected by IFC and MIGA projects in a manner that is fair, objective, and equitable and to enhance the environmental and social outcomes of IFC and MIGA projects. CAO is an independent office that reports directly to the President of the World Bank Group.

**More information is available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org)**

*I applaud CAO for the role it has played and continues to play—giving people an opportunity to have their voices heard and be counted as part of the development process.*

JIM YONG KIM  
PRESIDENT, WORLD BANK GROUP

# OVERVIEW OF CAO ACTIVITIES, FY2016

This year, CAO worked with communities from every region of the world—from Albania to Uganda and Cambodia to Nicaragua—providing redress for people’s concerns related to IFC and MIGA projects, and ensuring IFC and MIGA are held accountable for their environmental and social commitments.

CAO handled 52 cases in fiscal year 2016 (FY2016), including 8 new cases accepted during the year. The majority of these cases were filed directly to CAO by affected individuals and communities. The largest number of cases were from Latin America, followed by South Asia and Africa; and CAO accepted complaints for the first time from Belarus and Morocco. The top issue raised in this year’s cases was stakeholder engagement. However, new complaints concerning community health made this the second most frequently raised issue this year.

## FINDING SOLUTIONS THROUGH COMMUNITY-COMPANY DIALOGUE

CAO’s Dispute Resolution function is assessing 8 cases and managing 12 mediations in 9 countries. CAO is also monitoring three dispute resolution settlements in Uganda and closed one case in Nicaragua after monitoring settlements. Positive outcomes have been achieved in a number of cases. In Cambodia, a CAO dialogue process has led to company agreements with local communities, including a commitment not to clear any additional land for rubber plantations. In Mongolia, an

independent panel jointly selected by the parties is assessing a mine’s impacts on local water sources and traditional livelihoods. CAO continues to build a global network of mediators, and hosted a mediator summit in Washington, D.C. and a mediator workshop in Athens, Greece during the year.

## PROVIDING ACCOUNTABILITY THROUGH COMPLIANCE

This year, CAO’s Compliance function handled over two dozen cases regarding IFC and MIGA projects in 13 countries. At the end of the fiscal year, these cases were in various stages of appraisal, investigation, and monitoring. During the year, CAO commenced new investigations related to IFC projects in the financial intermediary, mining, infrastructure, and manufacturing sectors and published two investigation reports related to IFC investments in India and Indonesia. These reports drew attention to challenges that IFC faces in ensuring effective management of environmental and social impacts beyond the context of its direct investments. In one case, these impacts related to an IFC client’s palm oil supply chain in Indonesia. In another, the impacts related to an IFC

*“As the World Bank Group focuses its work on the most fragile and vulnerable areas, participation of communities, people’s access to information about project risks, implementation of the Performance Standards, and the ability to “course-correct” around projects will be crucial to ensure that the costs of development are not borne by the poor and vulnerable.”*

OSVALDO GRATACÓS

VICE PRESIDENT AND CAO, WORLD BANK GROUP

investment in a private equity fund, which had in turn invested in a coal-fired power station in India. CAO’s monitoring of eight cases this year suggests that IFC’s record in addressing the findings from CAO compliance investigations has been mixed, with several findings still unaddressed. CAO closed three appraisals of IFC projects with no further action.

### **EFFECTING INSTITUTIONAL CHANGE THROUGH LEARNING**

Through its Advisory function, CAO provides advice to the President and IFC and MIGA management based on CAO casework. This plays an important role in bringing the perspectives of project-affected people to help improve IFC and MIGA policies, systems, and practices. This year, CAO Advisory produced an interactive Grievance Mechanism Toolkit designed to help IFC and MIGA assist their clients to better implement their Performance Standards requirements. The toolkit, accessible through an online platform, can be customized to a client’s context. CAO also conducted knowledge-sharing events with IFC to share insights and trends from CAO casework. More

targeted workshops are anticipated in the coming year as CAO and IFC explore ways of continuing this positive engagement.

### **MAKING AN IMPACT THROUGH COMMUNICATIONS AND OUTREACH**

Communications and outreach activities underpin CAO’s three core functions and also help to improve awareness of CAO’s work with communities, civil society, IFC and MIGA staff and clients, and other stakeholders. This year, CAO co-hosted and participated in a number of outreach events in partnership with other independent accountability mechanisms and civil society in Africa, East Asia, Latin America, the Middle East and North Africa, South Asia, Europe and the United States. In-reach activities have allowed CAO to bring members of the World Bank Group together with civil society and academia to discuss pressing issues for communities, and to further institutionalize understanding of how CAO can be a force for better development impacts.

**Learn more about CAO’s work at [www.cao-ombudsman.org](http://www.cao-ombudsman.org)**



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