

CAO Update

Issue 14 / January 2019



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.

Stocktaking for the New Year: Delivering Results for Communities and Strengthening Accountability

With casework in 32 countries, 2018 was a challenging but productive year for CAO as we focused on delivering solutions, accountability, and learning for communities, companies, and IFC and MIGA. We have worked hard on effective caseload management, with almost half of CAO's 54 cases in monitoring or closed by the end of the calendar year, following the conclusion of dispute resolution and compliance processes. During 2018, CAO dispute resolution processes led to new agreements in Albania, Cambodia, and Cameroon, and previous settlements are being monitored by CAO. We continue to build a network of experienced mediators to support this work and hosted a summit in Kenya this past year with CAO's global mediators to share knowledge and build capacity.

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Children from the Ebaka community in front of the village school, which received new classrooms as an outcome from the dialogue process in Cameroon, July 2018 (Rodrigue Mbock/CAO).

CAO Releases Reflections from Practice Series on Dispute Resolution

CAO has released the first two publications in its new "Reflections from Practice" series which provides guidance on CAO's dispute resolution practice for staff, mediators, and consultants, and informs parties involved in CAO dispute resolution processes about the foundational principles guiding this work. The first publication "**Getting Started with Dispute Resolution**" provides an overview of the principles that guide the early phase of a dispute resolution process, challenges that may arise, and strategies and tools that CAO employs during the convening phase. The second publication focuses on "**Representation**" and provides information on the strategies CAO employs to assist the parties in selecting their representatives for a dispute resolution process. Browse the Reflections from Practice series at <http://www.cao-dr-practice.org/>.



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Stocktaking for the New Year: Delivering Results for Communities and Strengthening Accountability *(continued)*

CAO published seven new compliance investigations during 2018 of IFC investments in the mining, infrastructure, and manufacturing sectors, and closed compliance cases after monitoring in Colombia, Indonesia, and Honduras (see Dinant story below). In closing these cases, CAO acknowledged improvements in IFC's procedures and practices while noting that some project-level findings had not been addressed. Working with IFC and MIGA to develop a more effective approach to compliance responses and monitoring will be a priority in 2019.

During 2018, CAO released **new advisory work** on supply chain business opportunities and risks, and launched its **Reflections from Practice** series on dispute resolution (see p. 1). CAO also released its **Approach to Responding to Concerns of Threats and Incidents of Reprisals in CAO Operations** to address concerns about complainants' safety, which is now available in English, French, Spanish, and Arabic. Through outreach activities, CAO disseminated its work and engaged new partners through video conferences, policy

meetings, and technical workshops involving over 300 organizations from 40 countries in Africa, Asia, Europe, and North America.

As we look forward to 2019, CAO welcomes constructive engagement with stakeholders through an independent external review to be conducted under the auspices of the World Bank Group Board of Executive Directors in 2019. The review will be geared to strengthen the IFC and MIGA accountability framework and CAO's role and effectiveness.

DISPUTE RESOLUTION UPDATE

Mediation Process Concludes after Implementation of Agreement Between Forestry Company and Rural Families in Uganda

CAO has concluded monitoring outcomes from a **dispute resolution process** in Uganda which has benefitted hundreds of rural families to resettle on new land and rebuild livelihoods following their displacement from forestry reserves. A complaint was filed to CAO in 2011 by rural communities from the Kiboga area in Uganda with support of a national land advocacy consortium and Oxfam International regarding New Forests Company (NFC) plantations. NFC was an investee of the Agri-Vie Agribusiness Fund, an IFC client.

CAO facilitated a comprehensive mediation process which involved building the capacity of community and company representatives to enter into dialogue and work toward finding solutions. The parties reached agreement in May 2014, including the establishment of a community cooperative which purchased land to resettle some 380 families, build homes, plant crops, and invest in income-generation activities. A thriving village has emerged, and the land is being transformed into a productive area for small-scale farming. The parties also agreed to work closely together on



Gina Barbieri, CAO Principal Ombudsman, recognizes the efforts of all stakeholders involved in the Kiboga dialogue process, including the outstanding work of the CAO team, during the case closure ceremony, August 2018 (Stephan Bachenheimer/CAO).

a range of programs and projects aimed at the long term sustainable development of the community. While the communities still face many challenges related to lack of basic services and sustainable livelihoods, the agreement represents a

partnership that can serve as a model for other companies and communities seeking to cooperate toward a common goal. The conclusion report is available in **English** and **Luganda** on CAO's website.

CAO Concludes Compliance Monitoring of IFC's Dinant Investment in Honduras

CAO released a **final monitoring report** in November 2018 related to its compliance audit of IFC's investment in Corporación Dinant in Honduras, thereby closing the case. The report assesses actions taken by IFC to address compliance findings identified in a 2014 CAO compliance audit of IFC's environmental and social performance related to Dinant, as well as issues raised in two complaints to CAO from *campesino* organizations in the Aguán valley in Honduras.

IFC's support to Dinant comprised a US\$30 million corporate loan to expand the company's palm oil plantations, refinement, and distribution capacity in various regions of Honduras. Beginning in 2010, the World Bank received several complaints from local communities alleging forced and violent evictions of farmers by private and public security forces, as well as IFC's failure to respond appropriately. CAO initiated a compliance audit, which was completed in 2014 finding serious shortcomings in IFC's review and supervision of the project. IFC responded to the audit with an Enhanced Action Plan, which committed the client to Good



Dinant palm oil operations in the Aguán Valley, Honduras (CAO).

International Industry Practice in the use of its security forces, as well as a third-party investigation of past incidents of violence by Dinant security forces.

CAO's final monitoring report acknowledges steps taken by IFC to enhance Dinant's approach to private security management reflecting IFC's Performance Standard 4 on Community Health, Safety, and Security. The report also recognizes IFC's efforts to incorporate lessons from the Dinant audit related to contextual risk assessment, adopting higher standards for use of security forces, and enhanced monitoring of company adherence to IFC's

environmental and social standards. The monitoring report noted, however, that IFC only partially addressed project-level non-compliance findings. A third-party inquiry of past incidents has not yet been delivered to IFC, and depending on the outcomes of this inquiry, remedies including compensation may be required as per the requirements of Performance Standard 1 and the Enhanced Action Plan. CAO, nevertheless, decided to close the case since Dinant fully repaid its loan in April 2017 and the IFC does not propose any further project-level actions. More information on this case is available on CAO's website (Dinant [01](#), [02](#), [03](#)).

CAO OUTREACH

Indonesia Civil Society Outreach Workshop

CAO and the Inspection Panel hosted an outreach workshop for Indonesian civil society organizations (CSOs) in Bali in October prior to the 2018 World Bank Group/IMF Annual Meetings. The event enabled CAO and the Inspection Panel to broaden contact with CSOs in Indonesia and allowed civil society participants to become better acquainted with the two mechanisms and their work in the region. The workshop was co-organized with the Solidarity Center Indonesia Office, Trade Union Research Center, and International Accountability Project. Over 30 representatives attended from organizations across Indonesia including

community groups, trade unions, and environmental organizations. The one-day workshop included presentations about CAO and the Inspection Panel, civil society reflections on their experiences engaging both mechanisms, and small group discussions on topics of interest. Key issues brought up by the CSOs included how to improve community access to the mechanisms, incidence of gender-based violence complaints, leverage of the mechanisms once a project is closed, and outcomes of specific cases in the palm oil sector in Indonesia.



Indonesian CSOs participate in discussion with CAO and IPN staff during the Outreach Workshop in Bali, October 2018 (CAO).

Policy Discussion at Civil Society Policy Forum in Bali

During the World Bank Group/IMF Annual Meetings in Bali, Indonesia, CAO co-organized a policy dialogue session with the Inspection Panel at the Civil Society Policy Forum. The session, “**Accountability 2030 In the Asia Region: Lessons Learned from CAO and IPN Cases and Way Forward,**” brought together a panel of experts and practitioners from the World Bank Group, civil society, and government, including the Danish Executive Director, Susan Ulbaek, CAO Vice President, Osvaldo L. Gratacos, Inspection Panel Chairperson Gonzalo de la Mata, Board Member of Crude Accountability, Jelson Garcia, and Shreya Basu from Open Government Partnership. Participants discussed the role of governments and companies in promoting greater transparency and accountability in the Asia region, highlighted lessons learned from CAO and Inspection Panel cases and what steps are needed for effective community redress.

CAO Participates in Annual Meeting of the Independent Accountability Mechanisms

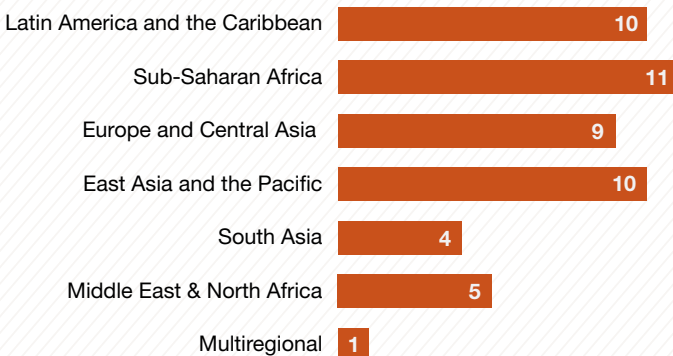
In November 2018, CAO participated in the annual meeting of the **Independent Accountability Mechanisms Network (IAMnet)**, which was hosted by the World Bank Inspection Panel in Washington, DC. Some 50 participants representing accountability mechanisms from 20 international financial institutions participated. Over two days, staff from the mechanisms shared experiences from practice and discussed new tools and products. Topics included dispute resolution with public and private sector entities; how to address instances of reprisals experienced by complainants; and addressing gender-based violence complaints, among others. There was also a half-day session with a wide-range of civil society organizations to discuss opportunities and challenges for closer collaboration. The meeting was followed by a one-day academic conference at American University’s Washington College of Law on the occasion of the 25th anniversary of the establishment of the Inspection Panel to reflect on the trajectory of the independent accountability mechanisms and future trends.



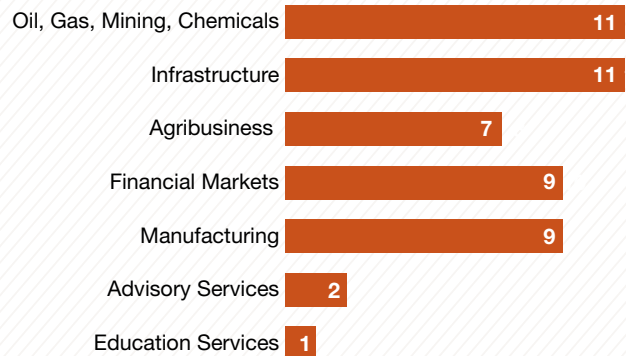
Participants at the 15th Annual Meeting of the Independent Accountability Mechanisms in Washington, D.C., November 2018 (IPN).

CAO CASE TRACKER FY19

Status as of December 31, 2018. For more information about CAO cases, see www.cao-ombudsman.org/cases



CASES BY REGION



CASES BY SECTOR

FOR MORE INFORMATION

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