

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.

CAO Mediation in Mongolia Leads to Agreement Related to Oyu Tolgoi Mine

In May 2017, representatives of local herder communities, Oyu Tolgoi LLC, and local government reached agreement on a series of actions to address complaints related to the Oyu Tolgoi copper-gold mine in the South Gobi, Mongolia, which is managed by Rio Tinto and supported by IFC and MIGA. The herders and company have been participating in a [CAO mediation process](#) since 2013 and have tackled issues together relating to water, resettlement, economic displacement, human and animal health, cultural heritage, and rangeland impacts and management, among others. The process has resulted in a number of outcomes including joint fact-finding by a group of independent experts jointly selected by the parties to assess the impacts of a river diversion and a socio-economic study of herder households; access to grazing land inside the mine license area; tours and inspections of the mine site for herders; interim agreements on topics such as access to information; and the establishment of a “Tri-Partite Council” including herders, local government, and company representatives. While CAO’s mediation process has concluded, CAO is monitoring implementation of agreements and assisting the parties where necessary. Details on the [final agreements](#) are available on CAO’s website.



Herder, company and government representatives (Tri-Partite Council) meet with independent experts, Mongolia (CAO).

Parties from Mongolia speak at IFC 2017 Sustainability Exchange

Three members of the Tri-Partite Council shared stories, insights and lessons from their experience in a panel at IFC’s flagship [Sustainability Exchange](#) in June in Cartagena, Colombia. This annual conference brings together executives and practitioners from the private and public sectors, as well as NGOs and academia for dialogue on sustainability issues. In a highly interactive plenary

panel facilitated by CAO, the panelists each shared their stories and distinct perspectives on insights gained from the innovative approaches employed as part of the CAO dispute resolution process. CAO’s local mediator, IFC, and Accountability Counsel, a key NGO advisor to the herders throughout the mediation, also provided their perspectives, and together with the panelists, answered questions from the audience.

Common Interest Brings Parties Together in Nicaragua

In May 2017, CAO Vice President, Osvaldo Gratacós, traveled to Nicaragua to meet with the parties in relation to CAO's [Montelimar case](#), and to honor an [agreement](#) reached in January 2017. CAO received a complaint in 2015 from a local organization comprised of current and former workers of the Montelimar sugar mill, their families, and local community members raising concerns about the high prevalence of Chronic Kidney Disease (CKD). The parties agreed to meet to share information and assess the potential of a productive dialogue under CAO's auspices. In January 2017, the complainants and the company signed an agreement to work together to provide support to those who are suffering from CKD. Agreed actions include provisions of health and livelihood support to former workers. CAO's dialogue process is ongoing as implementation of the agreement is determined by the parties. Details on the agreement are available on CAO's website.



The complainants' representatives (Board of Asociacion Montelimar Bendicion de Dios – AMBED), CAO Vice President, Osvaldo Gratacós, and mediation team gathered for a picture prior to the company-community dialogue session in May 2017 (CAO).

CAO's Grievance Mechanism Toolkit

CAO demonstrated its new interactive Grievance Mechanism Toolkit at IFC's [Sustainability Exchange](#) in Colombia, June 7-8th, 2017. The toolkit is designed to assist companies to better implement project-level grievance mechanisms. The CAO session was well attended by private sector clients who noted they found the toolkit useful, especially for the operations of small and medium sized companies. CAO has also held knowledge sharing events with IFC and MIGA staff about the toolkit and laid the groundwork for a training with companies and civil society organizations in West Africa in collaboration with the African Development Bank's accountability mechanism. Learn more about the toolkit, which is available in English, and forthcoming in French and Spanish, and take the survey to provide CAO feedback, at www.cao-grm.org.



CAO Conducts Compliance Work Related to Cases in Honduras

Monitoring of IFC's Investment in Honduran Bank and Tourism Development:

CAO is addressing a [complaint](#) filed from a Garifuna community in northern Honduras regarding the Indura Beach and Golf Resort, a development of boutique hotels, vacation homes, and condos near Tela. IFC is connected to the project through an equity investment in Banco Ficohsa, the third largest bank in Honduras. The complainants raised concerns regarding involuntary land acquisition, displacement, consultation, and environmental degradation, among other issues. The case was referred for compliance review of IFC's performance in November 2016. CAO's [appraisal report](#), published in June 2017, identified questions regarding IFC's supervision of environmental and social risks connected to the issues raised in the complaint. These issues will be considered as part of CAO's ongoing compliance monitoring regarding IFC's investment in Banco Ficohsa.

Compliance Appraisal of Two Dinant Complaints:

CAO received two separate [complaints](#) in 2014 from *campesino* movements in the Aguán Valley, Honduras regarding the palm oil operations of Corporación Dinant, an IFC client since 2009. The complaints raised allegations related to land disputes and

displacement, use of security forces, and negative environmental impacts due to the company's palm oil operations. The case was referred to CAO's compliance function and CAO's subsequent appraisal report was published in June 2017. The report noted that several issues raised in the complaints are similar in substance

to those covered in CAO's 2014 [audit](#) of IFC's investment in Dinant. As a result, CAO is considering the issues raised by these complaints as part of its ongoing monitoring of the 2014 Dinant audit. CAO expects to publish its next monitoring report later in 2017.



Corporacion Dinant palm oil operations, Honduras (CAO).

CAO Closes Case Related to IFC Investment in Avianca Airlines, Colombia

In 2008, IFC approved a US\$50 million corporate loan to one of the largest airlines in Latin America– the Colombia-based Aerovias del Continente American S.A. (Avianca). In 2011, Colombian labor unions representing civil aviation and airline workers at Avianca brought a [complaint](#) to CAO, with the support of international partners. The complaint alleged that the company had violated IFC Performance Standard 2 (PS2) on Labor and Working Conditions by discriminating against

union members and taking measures to discourage union membership. In 2013, Avianca repaid its loan to IFC. CAO published a [compliance investigation](#) in 2015 which found that IFC did not adequately understand the PS2 risks of the investment at the time of commitment. The investigation also observed limitations in the adequacy of IFC policies, procedures and staffing structures as related to labor issues, in particular, freedom of association. CAO released a monitoring and closure

report in May 2017 summarizing several actions that IFC reported to have taken at an institutional level to address PS2 issues. Though CAO found that IFC's response only partially addressed the investigation findings, CAO has closed the case considering the time that has passed since Avianca repaid the loan, and IFC's decision not to engage in a project-level response with the company or with the complainants.

CAO Outreach Workshop in Bangkok

In June 2017, CAO co-hosted a two-day outreach workshop in Bangkok, Thailand together with the World Bank Inspection Panel, Asian Development Bank's accountability mechanism and five regional NGOs. Forty-five civil society organizations from Cambodia, China, Indonesia, Lao PDR, Myanmar, Nepal, the Philippines, Thailand, and Vietnam attended the workshop which served as an opportunity for civil society to learn about the mechanisms, share challenges accessing recourse around development projects in the region, and share feedback regarding specific



Participants complete a group activity as part of the Bangkok outreach workshop, June 2017 (Photo by Oriana Bolvaran).

cases. Also in June, CAO met with civil society representatives in Myanmar to discuss CAO's work, as well as issues of concern in the country.

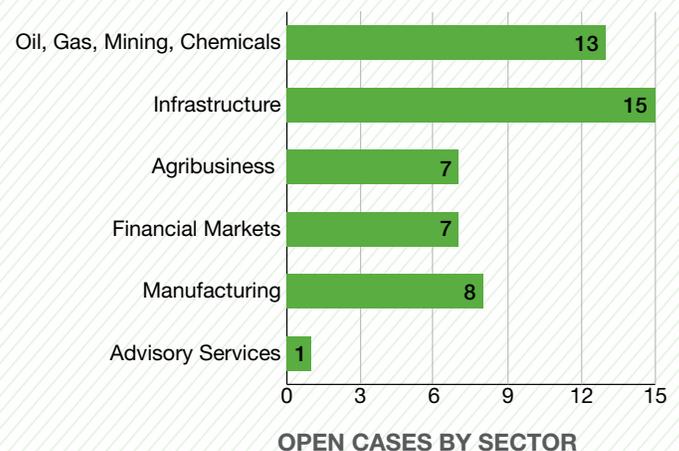
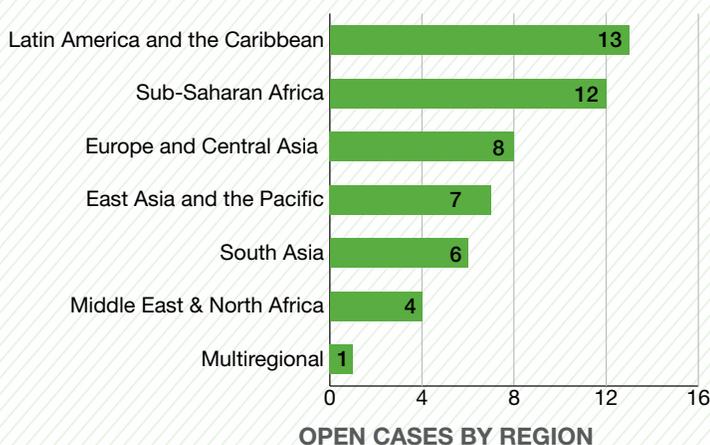
CAO Holds Regional Mediators Workshop in Myanmar

CAO launched a pilot program this year to expedite mediator assessment and recruitment. Using an online platform and purpose-driven competency criteria, CAO successfully screened 18 mediators from the Asia region. In collaboration with the EIB and EBRD accountability mechanisms, CAO provided advanced mediator training to the 18 mediators at a workshop in Myanmar in May 2017. CAO plans to roll out this cost effective and efficient program to ensure the best mediators are recruited globally.

CAO CASE TRACKER FY17

As of June 30, 2017.

For more information about CAO cases, see www.cao-ombudsman.org/cases



FOR MORE INFORMATION

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