CAO Update
Issue 10 / December 2017

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.

MESSAGE FROM THE COMPLIANCE ADVISOR OMBUDSMAN

2017 Stock Taking

As we embark on a new year, it is useful to reflect on what we accomplished in 2017. It was a year of high volume case work coupled with the release of new toolkits and numerous outreach events. CAO continued to provide opportunities for communities and companies to find mutual solutions to problems on the ground, with mediated agreements reached in Cambodia, Chad, and Mongolia. We released three new compliance investigations related to IFC projects in Colombia, India, and Togo and rolled out our Grievance Mechanism Toolkit, which is a practical resource to help companies implement effective project-level grievance mechanisms. CAO produced an Approach to Responding to Concerns of Threats and Incidents of Reprisals in CAO Operations to address concerns about complainant safety. And, through our outreach work, we organized and attended numerous events, engaging over 200 organizations from 20 countries over the past year. You can read about these activities in our 2017 CAO Annual Report.

The past year also revealed challenges CAO will need to address in the coming year. The World Bank Group is implementing its Maximizing Finance for Development strategy (also known as the "Cascade"), which envisions expanding investments to fragile and frontier countries and unlocking private sector finance for poverty reduction worldwide. It will be important for CAO to be afforded the proper tools and resources to address the expected increased caseload. IFC and MIGA also need to develop preventive approaches to addressing community harms upstream, such as ensuring their clients implement effective project-level grievance mechanisms. It

CAO Launches Digital Site for 2017 Annual Report

CAO has launched the digital version of its 2017 annual report. Browse the interactive site to explore data and outcomes from CAO’s work over the past year.

CAO Vice President Osvaldo L. Gratacós with the local CAO team in Mongolia (CAO).

CAO Participates in African Coalition for Corporate Accountability Workshop in Pretoria
Mediated Agreements Reached on Chad-Cameroon Pipeline Project

Several mediated agreements have been reached between communities and the Cameroon Oil Transportation Company (COTCO), an Exxon-managed and co-owned company which manages part of the Chad-Cameroon pipeline. The IFC-supported project involved the construction of a 1070 kilometer (km) pipeline to transport crude oil from three fields in southwestern Chad to a floating facility 11 km off the Cameroon coast. IFC’s investment in the project entailed a US$100 million loan from its own account and a $100 million loan syndicated to over 15 commercial banks. CAO has overseen a mediation process since 2012 addressing a complex set of issues and disputes including the spread of HIV/AIDS, loss of livelihood, and physical displacement. By 2014, agreements had been negotiated and fully implemented addressing four individual complaints. This past year, settlement was reached on complaints from three communities: local fishermen from the Kribi area, Bagyeli indigenous peoples located along the pipeline, and farmers from Ebaka. The CAO mediation team visited Cameroon in November 2017 to discuss next steps with the affected communities and COTCO who operates the project. CAO is now monitoring implementation of these three agreements. During the next year, CAO will share lessons learned from this mediation process, as well as from a parallel mediation carried out on the Chadian section of the pipeline project. Visit CAO’s website for more information about our work in Chad and Cameroon.
Complainants Hopeful About Resolution during Re-negotiation of Bujagali Loan

CAO has received seven eligible complaints related to the Bujagali hydropower project in Uganda over the past 16 years, as well as a number of ineligible complaints. The project is valued at $750 million and comprises the construction and maintenance of a run-of-the-river power plant on the Nile River, as well as a 100 km transmission line. It is a public-private partnership being undertaken by Bujagali Energy Limited which has received a $130 million loan from IFC and a $115 million guarantee from MIGA, in addition to financing from other commercial and international development banks. The complaints to CAO from local communities and workers have raised numerous concerns and alleged harms related to: occupational, health and safety (OHS); lack of compensation for work injuries; unpaid wages and benefits; inadequate compensation for land displacement and loss of crops; harmful impacts from excavation blasts; and inadequate biodiversity protection. Similar complaints were submitted to independent accountability mechanisms of the World Bank, African Development Bank, and European Investment Bank. These mechanisms, much like CAO, found their institutions non-compliant with applicable environmental and social safeguard policies. In December 2017, CAO released a compliance investigation concerning two labor-related complaints and will release a second investigation related to a land complaint in January 2018. IFC is currently in the process of re-financing this project and complainants are hopeful that the outstanding issues related to resettlement and worker-related compensation will finally be resolved as part of the re-negotiation process. For more information visit the case pages on CAO’s website (Bujagali 04, 06, and 07).

CAO EVENT

CAO Participates in Sessions at UN Forum on Business and Human Rights

CAO participated in the 2017 UN Forum on Business and Human Rights in Geneva, Switzerland, November 27 – 29, 2017. CAO hosted a policy dialogue session on the role of effective mediation in achieving sustainable development, co-hosted a panel with other Independent Accountability Mechanisms (IAMs) and CSOs on access to remedy and made a presentation on CAO’s Grievance Mechanism Toolkit. The Forum was established in 2011, and this year brought together some 2,000 participants from government, business, civil society, academia, and international agencies. Learn more about the Forum.

CAO OUTREACH

CAO Participates in Chinese Government Risk Management Workshop

CAO Vice President, Osvaldo L. Gratacós, participated in a workshop in Beijing, November 21-22, 2017, convened by the China Banking Association on good practices related to environmental and social risk management around large infrastructure projects. The workshop brought together officials from the China Banking Regulatory Commission and other Chinese financial institutions, heads of Independent Accountability Mechanisms (IAMs), and representatives from civil society organizations (CSOs). The trip included a meeting with the President of the Asian Infrastructure Investment Bank.

As one of the guest speakers, Osvaldo was asked to share his experience managing an independent accountability mechanism and the essential role accountability plays in the development process. Learn more about this workshop.
CAO Discusses Challenges of Mediation at World Bank Group Annual Meetings

CAO organized a policy session on the use of mediation in community–company disputes during the 2017 World Bank Group Annual Meetings. The session, “The Role of Effective Mediation in Achieving Sustainable Development,” included a screening of a short film which vividly portrays how a CAO company – community mediation process allowed 2,000 sugar cane workers and their families in Nicaragua to address an epidemic of chronic kidney disease impacting their communities. The film was followed by a broad discussion on opportunities and challenges for promoting successful dispute resolution at the local level involving participants from the private sector, civil society, and mediation profession. Learn more about this session.

CAO Participates in African Coalition for Corporate Accountability Workshop in Pretoria

In November, CAO participated in a workshop organized by the African Coalition for Corporate Accountability (ACCA) in Pretoria, South Africa. ACCA is a coalition of 116 organizations from over 30 African countries which supports African communities and individuals whose human rights are adversely impacted by the activities of multinational and domestic companies. Representatives from CAO, IFC, the World Bank, and Asian Development Bank participated in a session which focused on the accountability policies and practices of multilateral development banks (MDBs) in Africa. CSO participants reiterated the need for greater transparency and effective consultations before projects are approved and greater clarity about the role and mandate of MDB accountability mechanisms such as CAO. For more information, please visit the ACCA website.

CAO Case Tracker FY18

As of December 31, 2017
For more information about CAO cases, see www.cao-ombudsman.org/cases