

CAO

COMPLIANCE ADVISOR/OMBUDSMAN

2003-04 ANNUAL REPORT

International Finance Corporation

Multilateral Investment Guarantee Agency

MISSION

The Office of the Compliance Advisor/Ombudsman is committed to enhancing the development impact and sustainability of International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) projects by responding quickly and effectively to complaints from affected communities and by supporting IFC and MIGA in improving the social and environmental outcomes of their work, thereby fostering a higher level of accountability.

MESSAGE

FROM THE COMPLIANCE ADVISOR/ OMBUDSMAN

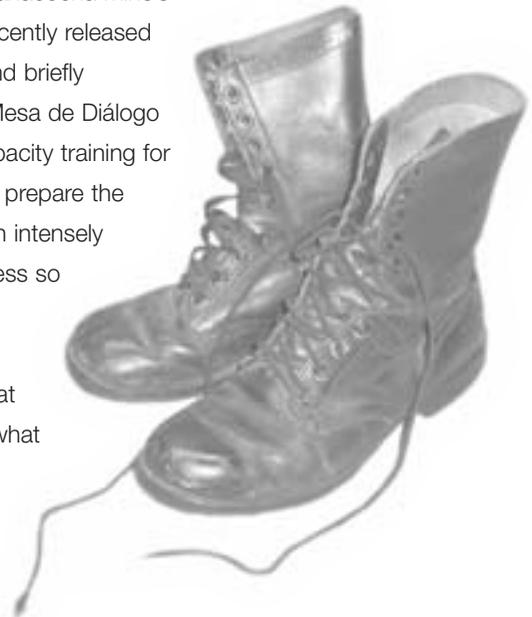
It is a complicated name—the Office of Compliance Advisor/Ombudsman—so it is not surprising that people do not easily comprehend our mission. In fact, someone trying to understand the workings of this office once asked me to describe the kind of footwear that best represents what we do.

My reply was work boots.

Like them, we are reliable, sturdy, functional, and, above all, serious. But, more important, we are there—on the ground in areas that are sometimes difficult to reach and often under conditions that call for the kind of footwear I have just described. We are not, as so many of the people we have worked with expected, a remote, bureaucratic office tucked away somewhere in a large building in Washington, D.C. We are a small, dedicated team whose members understand that the answers to issues raised by complainants or in audits are to be found at the source by listening to all of the affected parties and by working with them to craft solutions that survive beyond the time our boots have departed.

Like any new endeavor, we have known both failure and success in the past few years and have also greatly benefited from the opportunity to see ourselves as others do. Our first external review, completed in 2003 and summarized briefly on page 5, recommended that we document the lessons we have learned from complaints and audits and feed them back into IFC and MIGA, while also noting the difficult challenge it is to communicate with people who remain geographically and technologically isolated.

For four years, we have been working with affected communities in Cajamarca, Peru, to address initial complaints regarding the Yanacocha mine's impact on the quality and quantity of water in the area. The recently released results of an independent study commissioned by the CAO and briefly described on page 14 are a major achievement for both the Mesa de Diálogo y Consenso CAO-Cajamarca and the CAO; and additional capacity training for communities in sampling and analysis has been carried out to prepare the community for further engagement with the mine. Having been intensely involved in the Yanacocha issue, our role must now become less so as the community takes over. However, recognizing that a departure that is too abrupt would not be helpful, we are now engaging in a process of dialogue with the Mesa to define what role the CAO will play beyond December 2004 and to define what benchmarks will be necessary for the Mesa to measure its progress over the next years.



Another issue with which we must come to grips is how compliance audits are triggered. The key challenge for IFC and MIGA in relation to the compliance role is to demonstrate a genuine commitment to the full scope of the CAO's external accountability. The question remains, how should this be done most effectively, without impairing the relationships between IFC and MIGA and their clients, while ensuring that the CAO fulfills its three roles in holding both institutions externally accountable. Are the three existing triggers for initiating a compliance audit the appropriate ones? The CAO is in discussion with the executive vice presidents of IFC and MIGA on this matter.

A third major challenge facing the CAO in the year ahead could be attributable, in part, to our own success. Having provided advice to the Asian Development Bank and other international financial institutions on establishing their own accountability mechanisms based in some degree on the CAO model, we must now determine how best to manage situations in which co-financing between multiple international financial institutions results in a situation in which multiple and differing accounting mechanisms apply to one complaint. Would one of these mechanisms take precedence over another? If so, according to what criteria?

In all these areas, we have learned the importance of teamwork, especially in an office as small as ours. With a mixture of regret and pride, this past year we witnessed the departure of Principal Specialist Rachel Kyte, who has now become the Director of the Environmental and Social Department at the IFC. We are pleased that Amar Inamdar joined the CAO as Senior Specialist Ombudsman in September. Of course, sustaining us throughout this year of change has been both the CAO's Reference Group and Advisors whose members provide much invaluable advice and support and who continue to ask the hard questions so necessary to keeping us on our toes.

As I look ahead, I see that clearly we have our work cut out for us. We are ready. We will be there. In our work boots.

Meg Taylor



September 2004

OVERVIEW

OF THE COMPLIANCE ADVISOR/ OMBUDSMAN'S OFFICE

The Compliance Advisor/Ombudsman (CAO) is an independent post that reports directly to the President of the World Bank Group. Its mandate is twofold: first to help the IFC and MIGA address—in a manner that is fair, objective, and constructive—complaints made by people who have been or may be affected by projects in which the IFC and MIGA play a role; and, second, to enhance the social and environmental outcomes of those projects.

Since 1999, the CAO has received 28 complaints. Of that total, ten are currently being assessed; seven were investigated and recommendations have been made; five have been rejected; two are involved in a large, multi-party mediation; two were closed because the project was either dropped or cancelled; and the remaining two were closed because they could not be pursued further.

The CAO has three distinct roles:

Ombudsman: Responding to complaints by persons who are affected by IFC/MIGA-sponsored projects and attempting to resolve the issues raised by using a flexible problem-solving approach.

Advisory: Providing a source of independent advice to the President of the World Bank Group and to management of IFC and MIGA. The CAO provides advice both in relation to particular projects and in relation to broader environmental and social policies, guidelines, procedures, resources, and systems.

Compliance: Overseeing audits of the social and environmental performance of IFC and MIGA, both overall and in relation to sensitive projects, to ensure compliance with policies, guidelines, procedures, and systems.

Developing and balancing the three roles—compliance, advisor, and ombudsman—poses a unique set of challenges. The three roles together provide flexibility of response and a capacity to be proactive. Nevertheless, the ombudsman role clearly takes precedence when it is invoked. To clarify that the advisory role cannot cut across the role of the CAO as ombudsman or as auditor, the CAO draws a clear distinction between project-specific advice and policy and process-oriented advice.

The CAO has been working with management of IFC and MIGA to ensure that their staff includes notification of the existence of the CAO in all their dealings with potential, new, and existing sponsors and clients. In addition, throughout the project cycle documentation, the CAO has asked that the role of the CAO



A CAO-sponsored study tested the effects of the Yanacocha mine operation on the water used by livestock and people in Peru's Cajamarca region. At right, a community observer takes a water sample.

and information about its involvement or possible future involvement be included. As they prepare projects with IFC or MIGA assistance, project sponsors are responsible for revealing the existence of the CAO to people affected by the project through the processes of consultation or preparation of environmental and social impact assessments, or both. These attempts to integrate information about the existence and role of the CAO into the working and project cycle of IFC and MIGA are part of the CAO's efforts to spread the word to those who may need the CAO's services so that they know how to contact it.

There are some important limitations to the CAO's powers, but the broad mandate makes the three roles together very powerful. For example, although the CAO is not a judge, court, or the police, there are influential ways in which the office can define issues to be addressed in a complaint, make creative and practical proposals for settling an issue, and encourage the parties to engage in constructive dialogue. Although the CAO cannot force outside bodies to change behaviors or to abandon existing practices, the office can call on the leverage of IFC and MIGA in urging the parties to adopt its recommendations.

The independence and impartiality of the CAO foster the trust and confidence of the project's sponsors, local communities, NGOs, and civil society in general. This trust and confidence are essential prerequisites for the CAO to be able to solve problems. Independence from line management of IFC and MIGA also enables the CAO to provide objective advice to the two organizations and to help them do their work better.

Although confidentiality is important in some aspects of the ombudsman's role, disclosure of information is an important way to reinforce independence and impartiality. Disclosure is also important, on some occasions, to achieving solutions. The CAO is bound by IFC and MIGA disclosure policies that require the confidentiality of certain business information to be respected during communication with the involved parties. The CAO is also bound by the staff rules of the World Bank Group, which require that information be treated with discretion and not disclosed improperly.



As ombudsman, the CAO places the concerns of the complainant at the center of the complaint and resolution processes, and the presumption is in favor of confidentiality. Of course, complainants are free to publicize their approach to the CAO or the details of their case if they so wish. With the consent of the parties, the details of a complaint resolution process may be revealed after the process is concluded, but not prior to or during the process, except in specific situations allowed for by the complainant and other parties.

Within the parameters of those constraints, the CAO endeavors to ensure maximum disclosure of reports, findings, and results of the CAO process by reporting results on its Web site, www.cao-ombudsman.org, and in hard copy reports. In many cases, there is no reason why disclosure of the CAO's reports should not be full and complete, subject to any limitations imposed at the request of an affected party.

Although the CAO is open and responsive to the views of all of those with an interest in the project, the views of local communities, minorities, and vulnerable groups must take precedence because these generally are the people with the greatest to lose from a project; and they are often the least well equipped to convey their interests and concerns.

The most comprehensive measure of CAO effectiveness to date has been the external review of the CAO's work and the way in which it has sought to fulfill its mandate in the three years since the office was begun. Completed in 2003, the external review made a number of recommendations with respect to the CAO's operating structure, the nature of the advisory role vis-à-vis the ombudsman and compliance functions, and communications capability and effectiveness. Since the report's release, the CAO has begun to follow up on key recommendations.

For example, in response to the external review team's recommendation that the CAO initiate audits, the CAO released new operational guidelines in early 2004, citing three possible origins of an audit:

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THE CAO'S ADMINISTRATIVE STRUCTURE



The CAO's ultimate concern is the people living in or near IFC- or MIGA-sponsored projects.

The CAO's staff makes it possible for the office to operate responsibly and efficiently by bringing a unique perspective to the intense degree of thinking, analyzing, and brainstorming involved in work that is regularly precedent-setting for IFC and MIGA and external constituencies. To manage their tasks more effectively, CAO senior staff have been trained in mediation, facilitation, and dispute resolution design.

When specific expertise is required, the CAO hires short-term specialized consultants.

From the outset, the CAO has relied on the advice and expertise of the Reference Group. This independent body of stakeholders from the private sector, the NGO community, academia, and other institutions has guided the development of operational guidelines for the CAO and participated in the safeguard policy review process. The Reference Group does not give project-based advice. Nevertheless, its diversity and expertise continue to help the CAO retain its focus and guide its evolution and growth.

- As a result of a complaint to the ombudsman where, following assessment, the ombudsman believes an audit is warranted;
- As a result of a request from the President or senior management; and
- At the discretion of the CAO, with the rationale for the audit outlined in writing to senior management of IFC and MIGA.

Also in 2004, the CAO released guidelines for the advisory role that make clear to external clients and internal Bank Group audiences under what circumstances and in what manner the CAO will give advice.

In response to an external review recommendation that the CAO develop a systematic program to feed lessons learned from its handling of complaints back into the system, the CAO has begun to institute project team debriefs and other events, as well as formal documents and other reporting. This is part of a larger communications strategy developed in 2003 and instituted in 2004 to address the critical need to keep internal and external audiences informed about the CAO and how it functions.



The external review helped bolster CAO credibility in two key ways: by demonstrating that the CAO cannot require others to be evaluated while not being willing to be evaluated itself and by proving, as one member of the external review team put it, that although mending a situation is better than letting it fester, preventing is better than mending.

The full text of the report, “Beyond Compliance? An External Review Team Report on the Compliance Advisor/Ombudsman of IFC and MIGA,” as well as the CAO’s official response, can be found on the CAO Web site.

The CAO’s larger communications strategy was developed in 2003 and was instituted in 2004 to address the critical need to keep internal and external audiences informed about the CAO and how it functions.

The primary focus of compliance auditing is on IFC and MIGA, but the role of their clients may also be considered, as will the influence of other factors.



COMPLIANCE

In exercising its compliance role, the CAO attempts to foster adherence to, and engender more positive interpretation of, IFC and MIGA policies and procedures so as to promote wider understanding of how compliance can enhance social and environmental outcomes.

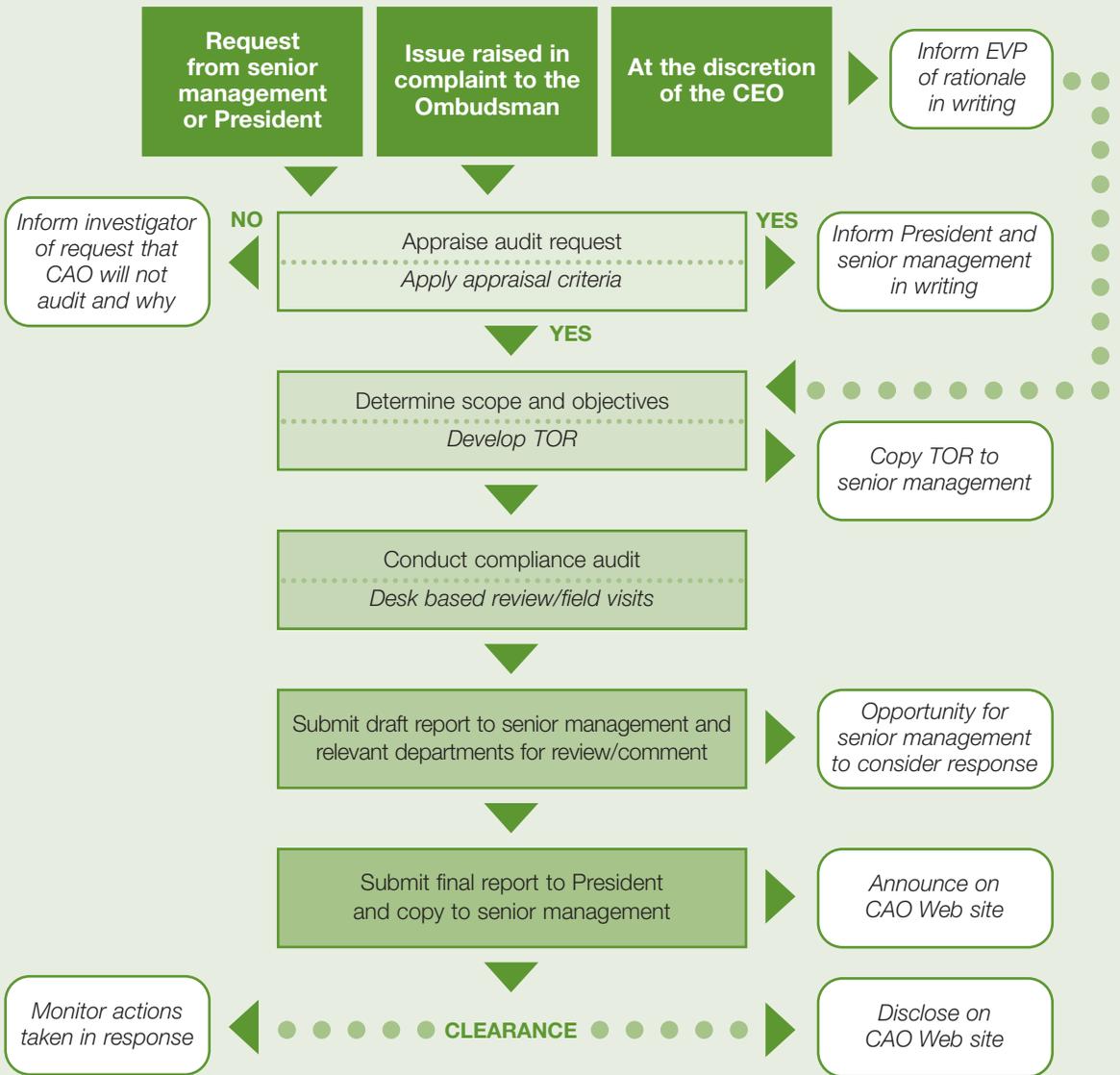
The purpose of a compliance audit is to assess independently whether IFC or MIGA have complied with their social and environmental policies, guidelines, and procedures in investing in (IFC) or providing political risk insurance to (MIGA) projects. The primary focus of compliance auditing is on IFC and MIGA, but the role of their clients may also be considered, as will the influence of other factors. Because such guidelines are often open to different interpretations, a compliance audit would not normally seek to set aside an otherwise reasonable interpretation or judgment. However, the audit can help draw attention to situations where reasonable interpretations of environmental or social policies have led to undesirable outcomes, and the CAO can recommend corrective measures.

One example of how the compliance role can extend the reach of an ombudsman intervention to help resolve environmental and social issues is the recently completed capacity review of Bolivia's Compañía Minera del Sur (see story on page 12).



Members of the CAO-sponsored water study team test water quality and quantity near Cajamarca, Peru.

SCHEMATIC DIAGRAM OF THE COMPLIANCE ROLE



COMPLIANCE AUDIT SUMMARY GUIDELINES

The compliance audit process begins with an initial appraisal to ensure that audits are initiated only for those IFC and MIGA projects about which there are substantial concerns regarding social or environmental outcomes. In appraising requests for an audit, the CAO will discuss the matter with the project team and relevant parties to explore whether an audit or review is necessary. If a decision is taken to proceed, all appropriate staff will be notified in writing.

Compliance audits have three objectives: understanding the circumstances that gave rise to the audit; conducting a systematic, documented verification process to evaluate compliance objectively; and recommending remedial measures or other actions to enhance social and environmental outcomes and ensure ongoing compliance.

Following an initial review of the project documents, an audit protocol will be prepared and submitted to the project sponsor in advance of a site visit, which typically lasts no more than one or two weeks. If noncompliance or adverse social or environmental outcomes are identified, the immediate and underlying causes will be fully explored. At the end of the process, a draft report will be prepared that includes the audit findings, an assessment of causal factors, and recommendations for corrective actions.

All relevant IFC and MIGA staff will have an opportunity to comment before the final report is prepared and submitted to the President. Once the findings have been discussed with the President, the CAO will inform either the MIGA or IFC board of the findings. Although the CAO is bound by the disclosure policies of IFC and MIGA, there is a strong presumption in favor of public disclosure within these constraints. Audit recommendations accepted by the President should be integrated into the ongoing monitoring of a project by IFC and/or MIGA management.

CAPACITY REVIEW OF COMPAÑÍA MINERA DEL SUR



In July 2003, a complaint to the CAO from the Coordinadora de Pueblos Etnicos de Santa Cruz, a Bolivian nongovernmental organization, claimed that an environmental impact study of the Don Mario mining project in the Bosque Chiquitano of Bolivia was flawed, that indigenous people were not consulted or provided with information in a timely manner, and that there were no measures to compensate them for the project's social and environmental impacts. The CAO concluded an Assessment Report on the complaint in late 2003.



Based on a recommendation in the Assessment Report, the CAO commissioned an independent study of the mining company involved, Compañía Minera del Sur S.A. (COMSUR), to evaluate its capacity for managing effectively the social and environmental aspects of its operations. Included in the review, which was published in July 2004, are the following recommendations:

CAO Senior Specialist Aidan Davy (above) talks with members of a community in the vicinity of the COMSUR operations, Bolivia.

- *That COMSUR develop and publicize a transparent and predictable complaint resolution process as a priority and, in the process, strengthen its relationship with the affected communities;*
- *That COMSUR develop methods and procedures to achieve greater community engagement on environmental matters and that it periodically revisit monitoring regimes to ensure that they are flexible and responsive to changing environmental conditions;*
- *That COMSUR engage external expertise in building in-house capacity in risk communication, participatory community development planning, and social assessment methods; and*
- *That IFC explore the potential to form strategic partnerships to support sponsor learning and innovation with respect to the capacity for ensuring environmental, health, and social safeguard policies.*

The full text of the report, "Review of the Capacity of COMSUR to Manage Environmental and Social Responsibility Issues," is available on the CAO Web site.

OMBUDSMAN

As ombudsman, the CAO provides an accessible and effective mechanism for handling complaints so as to help resolve issues raised about the environmental and social impacts of IFC- or MIGA-sponsored projects.

When a complaint is received, the CAO appraises it against basic criteria, including whether the complaint and the complainant are genuine, whether the project in question is sponsored by IFC or MIGA, and whether the complaint is substantive and specific. If the complaint is accepted, it is fully assessed; and the project team is notified and given clear guidance on the issues to which it should respond by a specified deadline, normally 20 working days. When the assessment phase has concluded, the CAO responds to the complainant with suggestions on how to move forward.

To date, the Ombudsman has received 28 complaints, 12 of which are in some form of assessment, mediation, or negotiation. In one case, a complaint involving a mercury spill in 2000 that was traced to the Yanacocha Mine Project in Cajamarca, Peru, moved beyond the issue that triggered the initial CAO involvement to a study of long-term effects on water in the area surrounding the mine. Having secured commitments from the Peruvian government and the mine to accept findings of the independent study, the ombudsman retained an environment energy research and consulting firm to conduct the study, which was released in 2004. Lessons learned from the study are summarized in “The Yanacocha Water Study” (see story on next page).

CAO Specialist Jacques Roussellier talks with residents of Rustavi, Georgia, about the routing of the Baku-Tbilisi-Ceyhan oil pipeline near their apartments.



THE YANACOCHA WATER STUDY



Members of the Mesa de Diálogo y Consenso surround Ombudsman Meg Taylor after a meeting in Cajamarca.

At the request of la Mesa de Diálogo y Consenso CAO-Cajamarca (the Mesa), the CAO retained an environment energy research and consulting firm to study water quantity and quality near the Yanacocha Mining District in Cajamarca, Peru.

The study's objective was to evaluate whether the quantity of water available for agriculture and drinking is adversely affected and the quality changed in ways that could make it unsafe for drinking, washing, and agricultural use and cause harm to wild flora and fauna. The study's main conclusions were that although the mine has altered water quality and water quantity in some locations and at some times, the quantity of water available for the City of Cajamarca has not been reduced nor has the quality of drinking water in the City of Cajamarca been affected.

At the outset, many people living in the area around the mine feared that they had been exposed to highly toxic and immediate effects from the mine. For that reason, the Mesa worked with the mine and the hydrologists to ensure that independent veedores from among the local population would monitor every step of the water study.

At a meeting of the CAO Reference Group in Washington in May 2004, representatives from the mine, the Mesa, and the CAO shared lessons learned. For the mine, it was the benefits of maintaining open lines of communication with the community so that people living near the mine understand the process and the safeguards that the mine has put in place.

Lessons learned for Mesa in undertaking a study that brought together disparate community interests in a shared concern, included the need to disseminate results widely and quickly and to follow up with a monitoring plan. To that end, Mesa has hired its own water monitoring expert and has organized workshops to help people replicate the experiment else where.

Finally, for the CAO, the water study demonstrated the vital importance of helping build confidence in the people affected by the study. For example, the study was designed to include questions that were raised by the community, and peer reviews of the draft were restricted to correction only of factual errors.

The CAO has begun the process of disengagement by turning over to Mesa the study's complete data base. As for the future, the water study has already sparked interest among other communities in Peru as well as a Canadian mining company, and the study team met with the chamber of commerce in Ecuador to share ideas about engaging communities and involving them in dispute resolution. A complete summary of the report, "Independent Assessment of Water Quantity and Quality near the Yanacocha Mining District, Cajamarca, Peru," can be found on the CAO Web site.



Peru's major dairy region, the Cajamarca area has many rivers and streams.

A D V I S O R

The CAO's major objective in its advisory capacity is to provide independent, timely, and objective advice to the President of the World Bank Group and management of the IFC and MIGA. This advice relates both to particular projects and to broader environmental and social policies, guidelines, procedures, resources, and systems.

The advisory role continues to be the role that confuses internal and external stakeholders. The CAO's terms of reference allow it to provide an independent channel of advice to the President and senior management. However, that advice cannot detract from, nor pose a conflict of interest with, the ombudsman role in particular or with the compliance role. By drawing lessons to be learned and projecting them back into the institution, the advisory role can reinforce the effectiveness of IFC and MIGA.

In the past year, the CAO has been actively involved in stimulating debate and action internally on IFC's approach to human rights. Actions to date are described in "The CAO and Human Rights" (see story on next page).

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THE CAO AND HUMAN RIGHTS



In 2003, the CAO conducted a gap analysis with respect to some basic human rights instruments as well as the existing Safeguard Policies, which include some explicit and implicit references to human rights. The CAO also produced internal case studies on how three IFC projects might have been approached differently if a human rights filter were to have been applied at the outset.

One tension facing the CAO is the extent to which it should be involved in providing such advice without prior guarantees of eventual disclosure. In this instance, the CAO took the unusual step of providing assurances to IFC that it would not release the information publicly unless IFC chose to do so. The decision was taken as the issues are critical to advancing the institution's sustainability agenda and have been an important contribution to the live debate about how best to reflect human rights concerns in IFC's revised Safeguard Policies.

FUNDING MESSAGE

In fiscal year 2004, the CAO had an administrative budget of \$1,900,864. In addition, the CAO has an agreement with IFC/MIGA that additional funds from a CAO Contingency Fund will be made available, on request, in the event of an unexpected volume of complaints, large-scale mediation effort, or other Ombudsman-related activity. This contingency fund is \$1 million.

For specific mediation activities to be organized and/or managed by the CAO in response to complaints to the Ombudsman, the CAO has developed a procedure whereby funds may be contributed by the parties to a dispute into a separate account to be managed by the CAO. From its own operating budget, the CAO funds all complaint assessments. Once mediation has been agreed to, however, the CAO works with the parties to resolve payment issues. Of course, some parties will not be in a position to contribute; and here CAO has the option to draw down on the contingency fund described above.

YANACOCHA DIALOGUE PROCESS

In fiscal year 2004, the costs of the mediation process (mediators, trainers, training courses, dialogue sessions, reporting, and monitoring) totaled \$265,000. This figure, exclusive of the costs of CAO staff and time, was met in part by Minera Yanacocha. From January 1, 2003, the dialogue process has been locally organized and is a project supported by the CAO.

In addition, on behalf of the dialogue process, the CAO has managed a water study. The FY 2004 costs of the water study process were \$695,975, all of which was paid by Minera Yanacocha. The CAO recognizes the in-kind contributions of time by community leaders and those participating as *veedores* (observers) for the water sampling. These costs have not been quantified.

The Baku-Tbilisi-Ceyhan oil pipeline runs from the Caspian Sea in Azerbaijan, across Georgia, to the Mediterranean Sea at Ceyhan, Turkey.



COMPLAINTS SUMMARY

OF CAO

COMPLAINTS:

JUNE 2003 –

JUNE 2004

COMSUR/DON MARIO GOLD MINE, BOLIVIA

A complaint was received in June 2003 and accepted by the CAO regarding the Don Mario Gold Mine in Bolivia, part of COMSUR. The complaint made a number of allegations regarding the environmental impact study of the project and related consultations and compensation. After assessing the complaint, the CAO published an assessment report in late 2003. Under the auspices of its compliance role and in line with an assessment report recommendation, the CAO conducted a review of the sponsor's capacity to manage the social and environmental aspects of its operations, and the complaint was closed.

KONKOLA COPPER MINE, ZAMBIA

The CAO received a complaint in July 2003 from a local NGO on behalf of people involuntarily resettled as a result of mining operations. The complaint made a number of allegations relating to IFC's departure from the project prior to the adequate implementation of a Resettlement Action Plan. The CAO accepted the complaint. However, IFC's sponsor, Anglo American plc, in the face of falling copper prices, unexpectedly divested its majority share of KCM in January 2003, causing IFC to follow suit. The complaint was closed.

BTC-WWF (1), WORLD [AZERBAIJAN, GEORGIA AND TURKEY]

A complaint was received in December 2003 from the World Wide Fund for Nature (WWF) regarding the environmental effects of the Baku-Tbilisi-Ceyhan (BTC) Pipeline project on a variety of natural areas along the pipeline route and on behalf of any people whose livelihoods might be affected by potential oil spills or other negative aspects of the project. The complaint was rejected because it was not filed on behalf of specific project-affected communities.

RUSTAVI, GEORGIA

A complaint regarding the BTC Pipeline Project was received in March 2004 from residents of subdistricts 18 and 19 in the City of Rustavi. The complainants alleged that they had not been informed that the pipeline would pass within 250 meters of their houses until early 2004, when construction had already begun. The complaint also listed worries about pipeline safety and vibration effects of construction and operation on nearby apartment buildings. The CAO accepted the complaint, and an assessment report is in the process of being written.

BORJOMI-WWF (2), GEORGIA

A complaint was received in March 2004 from WWF-Caucasus regarding the environmental and social effects of the BTC Pipeline on sensitive natural areas of the Borjomi region of Georgia, as well as on the Borjomi mineral water industry, a major source of Georgia's economy. The complaint was rejected because it was not filed on behalf of specific project-affected communities.

BORJOMI-WWF (3), GEORGIA

A complaint was filed by WWF-Caucasus in May 2004. A revised version of the previous complaint received from WWF-Caucasus, this complaint's basis was a concern about the environmental and social effects of potential oil spills on the Borjomi aquifer, source of Borjomi mineral water and other natural resources in the Borjomi area. Attached to this complaint were also specific complaints from project-affected people in the region. The CAO had rejected the broader WWF complaint, because it did not meet the criteria of having been submitted on behalf of project-affected people. However, the CAO accepted the appended individual complaints from communities directly affected by the BTC project.

DGVARI, GEORGIA

The CAO received a complaint regarding the BTC Pipeline project in May 2004 from residents of Dgvari. The complainants alleged that the project sponsor, BTC, did not assess effects of pipeline construction in the area, a severe landslide zone, and as a result could not determine adequate mitigation measures. The CAO accepted the complaint, and it is being assessed.

TETRITSKARO CITY, GEORGIA

A complaint regarding the BTC Pipeline project was received in May 2004 from residents of Tetrtskaro City. The complainants allege that, as part of pipeline construction, explosions were carried out with no warning from the company to local authorities or residents, and several buildings were damaged. Complainants received no response from sponsors regarding compensation for property damage. The CAO accepted the complaint and is assessing it.

SAGRASHENI, GEORGIA

A complaint regarding the BTC Pipeline project was received from residents of Sagrasheni village. The complaint alleges that construction activity—especially movement of heavy trucks—caused damage to village water pipes and resulted in water supply contamination. In addition, vibration has caused damage to buildings, and a sponsor's truck collided with a wall on private property. Neither the individual property owner nor the community has been able to obtain any response from project sponsors. The CAO has accepted the complaint, and it is being assessed.

TETRITSKARO, GEORGIA

A complaint regarding the BTC Pipeline project was received from an individual in Tetrtskaro in May 2004. The complainant alleged that his telephone line was damaged and that the movement of heavy trucks has caused very severe dust pollution. The CAO accepted the complaint, and it is being assessed.

TSIKHISJVARI, GEORGIA

The CAO received a complaint regarding the BTC Pipeline project from an individual in Tskhisjvari in May 2004. According to the complainant, sponsors' trucks and other vehicles drive across his pasture, using it as a short-cut road. The complainant was promised compensation by the sponsor but has not, as of yet, received anything. The CAO accepted the complaint and is assessing it.

BASHKOVI, GEORGIA

A complaint regarding the BTC Pipeline project was received from an individual in Bashkovi in May 2004. The complainant claims to have lost significant income from his beekeeping business due to pipeline construction and removal of vegetation along the pipeline right of way. He alleges that according to the Environmental and Social Impact Assessment, he should have been provided with assistance to move his beekeeping operation “at least 7 km from the [pipeline] route.” The CAO has accepted the complaint, and it is being assessed.

RUSTAVI LANDOWNERS, GEORGIA

A complaint regarding the BTC Pipeline project was received in May 2004 from a group of landowners in Rustavi. The complaint alleged that owners of land needed by BTC for the pipeline were not being paid fair market value. The complainant was not accepted because the case is currently being dealt with in a court action.

SADGERI, GEORGIA

The CAO received a complaint from residents of Sadgeri village in May 2004 regarding the BTC Pipeline project. The complaint was concerned about impact of an oil spill on tourism and income derived from it. Other concerns expressed were worries about landslides endangering the pipeline. Complainants wanted guarantees about pipeline safety and were concerned about the impact of oil spills on their water supply, as well as land rights and land access issues. The CAO has accepted this complaint and is assessing it.

TBA, GEORGIA

A complaint regarding the BTC Pipeline project was received from 275 people in the village of Tba in May 2004. The complaint was concerned about the effects of an oil spill on drinking water and grazing land and alleged that land compensation was inconsistent. The CAO accepted the complaint, and it is in the process of assessment.

TSEMI, GEORGIA

A complaint regarding the BTC pipeline project was received in May 2004 from 50 people in the village of Tsemi. The complaint was concerned about potential pipeline spillage or leakage into the river in the pipeline section adjacent to the river, the main source of water for Tsemi and two other villages. Complainants expressed concerns about loss of income from water-related tourism because of oil spills caused by landslides and earthquakes, potential sabotage, and erosion caused by construction vehicles. The complainants wanted the project sponsor to protect their water supply by providing a bypass of the current intake pipe that is near the pipeline and at risk if there were an oil spill. The CAO has accepted the complaint, and it is in the assessment stage.

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