

CAO Update

Issue 13 / October 2018



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.

DISPUTE RESOLUTION CASE UPDATE

Mediation Process Leads to Establishment of Community Cooperative in Nicaragua

CAO has been facilitating a **dispute resolution process** since 2016 in Nicaragua between a sugar mill company and several rural communities to address concerns about the high prevalence of chronic kidney disease in the area. The Montelimar Mill is operated by the Consorcio Naviero Nicaraguense (Navinic), an IFC client. In October 2015, the *Asociación Montelimar*



Community Cooperative Board of Directors visits a textile project set up to provide livelihood support for local community members affected by chronic kidney disease, Nicaragua, August 2018 (CAO).

Bendicion de Dios (AMBED), a local organization comprised of current and former Montelimar workers, their families, and members of communities in the Municipality of San Rafael del Sur, filed a complaint regarding

the impact of the disease on local communities. The complaint also raised other environmental and social issues, which the parties decided they would tackle through a CAO dispute resolution process.

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Explore CAO's 2018 Digital Annual Report, www.cao-ar18.org.

CAO Releases 2018 Annual Report

CAO has released its **2018 Annual Report**, featuring outcomes from its dispute resolution, compliance, advisory, and outreach activities. This year, CAO handled 55 cases in 32 countries, with over half of these cases in monitoring or closed by the end of the fiscal year. CAO accepted its first complaint from Myanmar and reached new settlements through dispute resolution in Albania, Cambodia, and Cameroon. CAO published 6 new compliance investigations related to mining, infrastructure and manufacturing projects, and issued new advice on supply chains. CAO also took steps to fortify its global network of mediators, engaged 300 organizations from 40 countries through outreach, and operationalized its approach to threats and reprisals to address complainant safety.

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MEDIATION PROCESS LEADS TO ESTABLISHMENT OF COMMUNITY COOPERATIVE IN NICARAGUA

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As a result of the mediation, the local communities and company signed an agreement in January 2017 to work together to provide support to those who are suffering from CKD. Agreed actions included improved health services and livelihood support to former Montelimar workers and community members, and the establishment of a community cooperative to spearhead these efforts. *Textil of Multiple Services Manantial de Agua Viva* was established in August 2018 with 144 founding members from local communities. The cooperative's first project is a small clothing workshop which will produce uniforms for company workers. CAO will continue to provide support to the parties to ensure that the agreed actions are implemented, and to continue the dialogue process to address the additional environmental and social concerns identified in the complaint.

“Agreed actions include improved health services and livelihood support to former Montelimar workers and community members, as well as the establishment of community cooperative to spearhead these efforts.”

DISPUTE RESOLUTION UPDATE

CAO Concludes Monitoring of Agreements Related to Oilfield in Albania



Bankers Petroleum employees install a new well head at the Patos-Merinja central extraction area, Albania, September 2018 (Felix Davey/CAO).

CAO is concluding its monitoring of a **complaint** about the Patos Marinza oilfield project in Albania operated by Bankers Petroleum Ltd, which was supported by IFC. A nearby community claimed that the company's operations had caused negative health impacts, work accidents, contamination of irrigation networks, and seismic tremors that damaged homes. As a result of a CAO mediation process initiated in 2013 between the company and community, three joint working groups were established to address complaints related to earthquake damage, environmental concerns, and the need for social investments. The dialogue among the parties led to numerous remedial actions, including establishment of a Community-Company Dialogue Roundtable which will continue the constructive engagement after CAO exits. CAO observed two Roundtable meetings in May and September 2018 facilitated by the Roundtable members.



CAO panel discussion in Tirana, Albania, September 2018 (Felix Davey/CAO).

CAO Facilitates Multi-Stakeholder Discussion in Albania

CAO Principal Ombudsman, Gina Barbieri, facilitated a panel discussion in Tirana, Albania, in September 2018 which explored the use of collaborative problem solving to address disputes about development projects. Participants to the discussion included representatives from the community engaged in the CAO mediation process related to Bankers Petroleum (see above), CAO's mediation team, and representatives from IFC and the Extractive Industries Transparency Initiative (EITI). The public event was attended by over 30 representatives from government, the private sector, civil society, and community members.

CAO Releases Investigation Report Related to IFC's Lengarica Hydropower Project in Albania

In September, CAO released a **compliance investigation report** regarding IFC's investment in Enso Hydro, which operates a run-of-river hydropower plant on the Lengarica river in southern Albania. The investigation responds to a **complaint** filed in June 2015 from the Organic Agriculture Association regarding the environmental and social impacts of the project. CAO's investigation found shortcomings in IFC's pre-investment review of the project, including non-disclosure of the environmental and social assessment and monitoring plan for the project; inadequate assessment and mitigation of project impacts on local tourism; and the need to align the



The Lengarica Hydropower Project, Albania, January 2017 (CAO).

power project with the management plan for the national park where the dam is located. Many of these outstanding issues are addressed in IFC's proposed action plan, developed in response to the investigation, which expects Enso Hydro to align Lengarica project operations with the national

park's management plan; engage the tourism community to enable use of the river canyon for recreational activities; and disclose the project's environmental and social impact assessment. CAO is monitoring the case and will issue a monitoring report within a year.

CAO OUTREACH

CAO Holds Outreach Event with Kenyan Civil Society Organizations

CAO hosted an **outreach meeting** with civil society organizations (CSOs) in Kenya as part of its outreach efforts in the Africa region. The purpose of the event was to inform civil society groups about CAO's accountability mandate and work, and to learn from their perspectives and concerns about development projects in Kenya. The meeting, which took place at IFC's country office in Nairobi, also provided an opportunity for civil society participants to engage with IFC staff. Civil society representatives attended from a variety of organizations and sectors, including those focused on human rights, gender, and environmental issues. CAO partnered with two NGOs, the **Kenyan National Commission on Human Rights** (KNCHR) and **Hakijamii**, to co-host and moderate the meeting.

The session began with a short presentation by the IFC Country Manager, Manuel Moses, on IFC's portfolio in Kenya, followed by a presentation about CAO from CAO staff based in Washington, D.C. Issues discussed included the timeframe required for mediations and investigations; how CAO measures success and ensures that communities receive redress; how isolated communities or affected persons can contact IFC and/or CAO to raise concerns about projects; and whether CAO has an appeals process. At its conclusion, several CSO participants expressed appreciation for the



Civil society participants during the Kenya video conference, Nairobi, October 2018 (Geoffrey Kerosi).

opportunity to learn more about the IFC portfolio and CAO's work. James Mwenda of KNCHR noted that, "The CAO process is timely as it adds to non-judicial access to remedy mechanisms for human rights impacts caused by IFC/MIGA sponsored projects". IFC's Country Manager commenting on the event added that, "Dialogue with civil society organizations is central to the IFC's efforts to ensure transparency around our operations. We look forward to continuing such critical discussions with our stakeholders".



CAO Animated Videos in French & Spanish

CAO has produced two new language versions of its animated video which illustrates how CAO works through its dispute resolution, compliance, and advisory roles to promote accountability and help improve IFC and MIGA development outcomes on the ground. See the **French** and **Spanish** Versions!

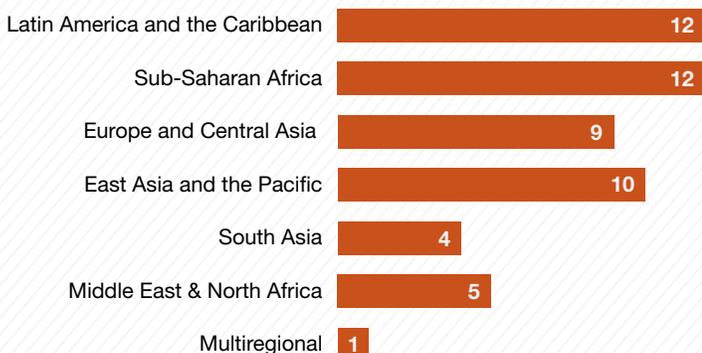


This two-minute animated video is now available on CAO's [website](#) and [YouTube channel](#).

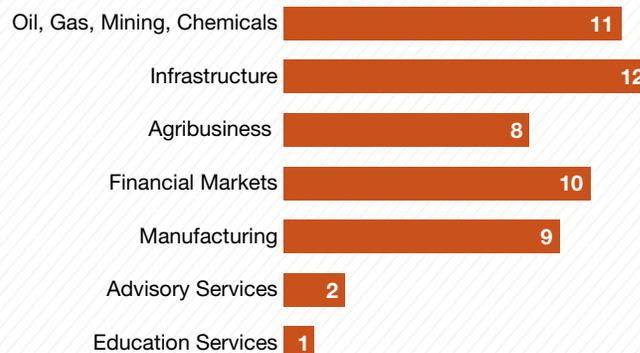
CAO mediator talks with residents near to the Patos Marinza oilfield project in Albania, September 2018 (Felix Davey/CAO).

CAO CASE TRACKER FY19

Status as of September 30, 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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