

Moving Beyond Disputes: Getting to Resolution via a Mediation Study Tour

In a meeting with a group of 10 high-court judges, high-ranking police officers, and other professionals from Pakistan, CAO's Dispute Resolution team delved into how CAO works. The [Asia Foundation](#) selected Pakistani participants to join a "mediation study tour" in New York City organized by the [Alternative Dispute Resolution Center](#) and the [Weinstein International Foundation](#). The study tour exposed the group to various US and international mediation settings, as part of a larger project to boost alternative dispute resolution worldwide, including in Asia.

The session with CAO was one of many activities in which participants took part, including online meetings and in-person visits to various alternative dispute resolution centers or mechanisms. The tour also included other centers



Mediation Study Tour. Photo Credit: CAO/Adi Gavrilu

or mechanisms connected to New York courts including [Judicial Arbitration and Mediation Services](#) (JAMS) and [Conflict Prevention and Resolution](#) (CPR) offices, the Center for

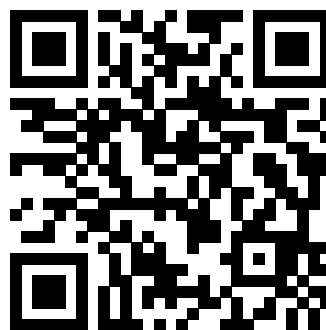
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Mediation Study Tour. Photo Credit: CAO/Adi Gavriła

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Cooperative Resolution of the National Institute of Health, the Kukin Program for Conflict Resolution at the Cardozo School of Law, and the Federal Mediation and Conciliation Service.

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During the CAO session, CAO staff explained CAO's mandate and core functions, and shared casework examples, engaging in a conversation with the group, particularly regarding staff training. Participants expressed keen interest in the CAO model and took interest in understanding how the World Bank Group could support setting up recourse and accountability structures with similar features in public institutions in Pakistan.



Learn more about CAO's dispute resolution work in our Reflections from Practice series, available [here](#).

Reports Reveal Results from Three Investigations into IFC Projects in Chile, Egypt, and Nigeria

This quarter, the Boards of [IFC](#) and [MIGA](#) approved the release of three CAO investigations. The reports were related to a hydroelectric power project in Chile, a cement manufacturing project in Egypt, and a fertilizer facility in Nigeria.

CAO received two complaints in relation to Alto Maipo SpA project in Chile, which was developed by AES Gener S.A. The [first complaint](#) raised a range of project impacts related to air quality, noise, labor influx, biodiversity, and climate change, among others. The [second complaint](#) raised an allegation of sexual harassment by an employee of the project sponsor. For the investigation, both complaints were merged. The investigation report found that the IFC's pre-investment review was generally consistent with the requirements of the [IFC Sustainability Policy](#) to conduct a review "appropriate to the nature and scale of the activity and commensurate with the level of [Environmental and Social](#) (E&S) risks and/or impacts".

During supervision, CAO found that while IFC addressed some E&S issues following good international industry practice there were oversights on IFC's part regarding several others, such as infiltration of groundwater due to tunneling activities, biodiversity protection, labor influx and lack of appropriate measures to address harassment, especially with regard to women. While IFC exited its direct investment in 2018, it has an ongoing

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project finance exposure to the project via an equity investment in a financial intermediary. [More details are available in the report.](#)

The second investigation report responded to a [complaint](#) from Wadi al-Qamar community members in Egypt, who live close to Alexandria Portland Cement Company, along with current and former employees of the company. The complaint raised issues regarding the proximity of the plant to residential areas and the impacts that pollution from the plant has on their health and safety. It also raised issues regarding compliance with national legislation, labor, lack of information disclosure, and community consultation, among others.

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The compliance investigation noted that the IFC's pre-investment review did not adequately assess or address the impacts of air pollution and noise from the plant on local residents, nor did it analyze the potential cumulative impacts in the project area, particularly regarding air quality, noise and health. During the IFC's supervision, focused attention on occupational health and safety and the condition of contract workers led to improvements in the use of personal protective equipment and increased the oversight of labor contracting companies during the period of IFC's investment. However, CAO's investigation found that IFC has not assured itself that the client's current labor arrangements for contract workers meet the [Performance Standard](#) requirements for labor and working conditions. CAO will keep this investigation open to monitor

IFC's response to the investigation findings. [Read the full report](#) for more details.

The third compliance investigation regards a [complaint](#) filed concerning IFC's support for Indorama Eleme Fertilizer and Chemicals Ltd. in Nigeria. The investigation identified non-compliance in relation to IFC's supervision of the effectiveness of the company's Workers' Grievance Mechanism and IFC's response to complainant allegations of retaliation. CAO also noted that available evidence in this case was insufficient to reach a finding of adverse outcomes regarding complainants' allegations of retaliation. CAO will now monitor the effective implementation of the actions set out in IFC's Management Action Plan. [Read the report for more details.](#)

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To learn more about
CAO's Compliance work.



Titan Cement Plant. Photo Credit: CAO

Enhancing Outreach to Civil Society Organizations in Turkey

In September, CAO partnered with other accountability mechanisms and Turkish civil society groups to host a virtual outreach workshop in Turkey. The event aimed to raise awareness about the existence of the mechanisms and how they work with people to address concerns related to development finance projects in Turkey and beyond. CAO, the [World Bank-Accountability Mechanism](#) (WB-AM), EBRD's [Independent Project Accountability Mechanism](#) (IPAM) and AIIB's [Project-affected People's Mechanism](#) (PPM) hosted the workshop together with three Turkish partners—[Argüden Governance Academy](#), [Turkish Economic and Social Studies Foundation](#) (TESEV), and [Transparency International](#) (TI) Turkey—for the 2-day event on September 14th and 15th, 2021.

The event attracted a range of participants from research centers, advocacy groups, and associations working on accountability, environmental, and social development issues in Turkey. Presentations included information on how to submit complaints, as well as relevant policies on managing concerns of threats and reprisals. CSOs also shared their experiences of accountability and current challenges in Turkey.

Participants asked how “affected communities” are defined, how harms are assessed, and whether environmental and social standards conform with Turkish law. They also asked how local communities can have more information and access to the IAMs and whether IAMs can ensure the safety of community members once a complaint is filed.

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The ‘What’ and ‘How’ to Exiting Responsibly from Investments

In the investment world, the idea of exiting responsibly from investment projects has been gaining momentum. To uncover what responsible exit means to different stakeholders, and find out what the current practices are, CAO’s Advisory team launched a study focusing on responsible exit. Our aim is to assist [IFC](#) and [MIGA](#) in their stated commitment to developing approaches towards exiting responsibly from investments.

We interviewed companies as well as commercial banks, development finance institutions, impact investors and civil society, and shared the findings with IFC staff. We also established a peer group to help investors learn more from others—including from IFC and MIGA. An initial roundtable was co-hosted by CAO and IFC in July 2021. A full report of the findings and recommendations will be available later in 2021.

What does a Responsible Exit Mean?

Development Finance Institutions (DFIs) are amongst a range of actors in the financial space developing approaches for responsible exits. For DFIs and institutional investors, a responsible exit means assisting the project to operate in way that manages

and mitigates environment and social risks after the institution’s departure and provides remedial actions for residual impacts. Impact investors have articulated that, in addition to managing environmental and social risks, enabling responsible exits from investments is fundamental to their business model—and it entails ensuring that the positive impacts of investments continue after they exit.

How is a Responsible Exit Achieved?

Exiting responsibly from an investment does not involve a single decision point or action (i.e., at the time of exit), but is rather a process that starts early in the investment lifecycle and continues through to how the exit is conducted. Many of the tools that are currently used in investments are also optimized to assist in exiting responsibly. In addition, using new tools such as leverage assessments—used early in the project cycle—and human rights assessments to help inform an exit decision can inform and assist with monitoring and planning for a more responsible exit.

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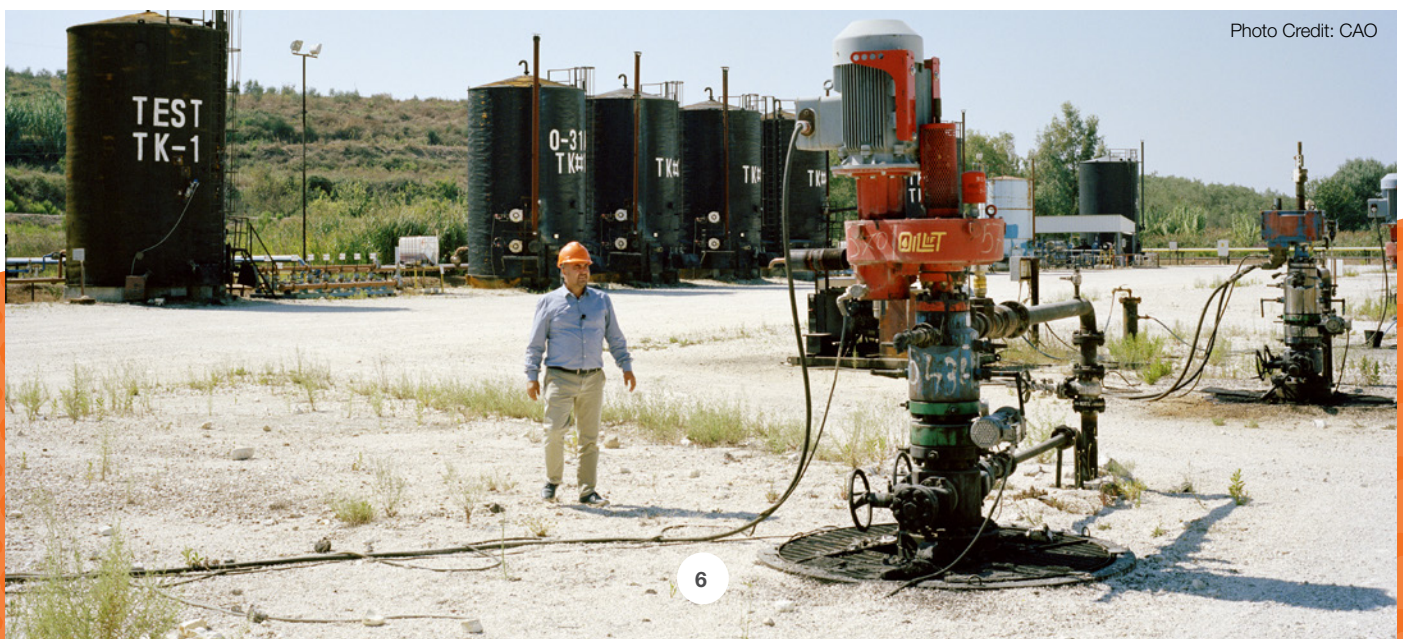
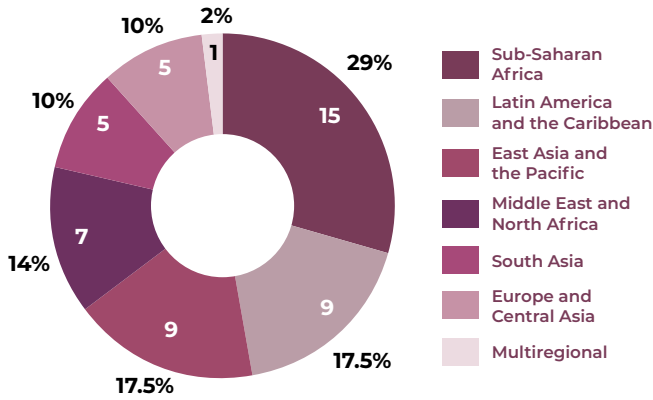


Photo Credit: CAO

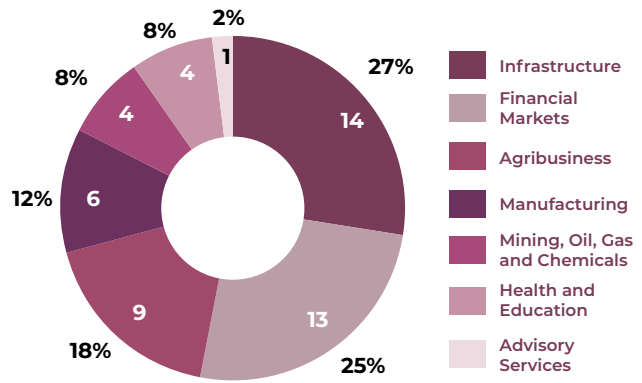
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