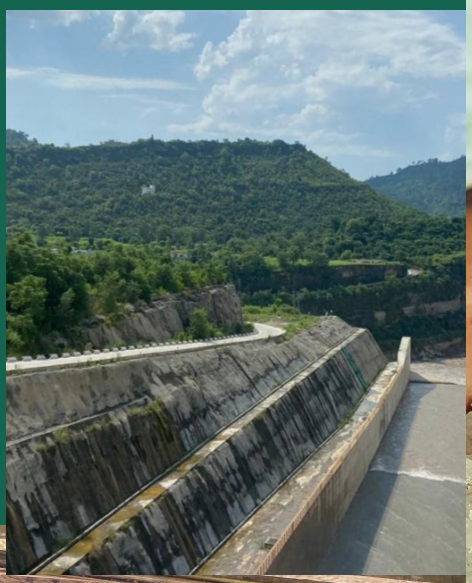
CAO











2026 ANNUAL REPORT

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. Reporting directly to the IFC and MIGA Boards of Executive Directors, CAO's mandate is to address complaints from people affected by IFC and MIGA projects, enhance environmental and social project outcomes, and foster public accountability and learning.

About This Report

The 2026 Annual Report summarizes CAO's work for fiscal year 2026 (July 1, 2025–June 30, 2026), outlining CAO's handling of 63 cases across 30 countries, progress toward strategic objectives, and data related to the global caseload and operational results.

Find Out More

Explore CAO's website and Cases Center, which capture the latest information on cases and our activities.

Visit our annual reports, which, since 1999, have showcased the outcomes of our dispute resolution, compliance, advisory and outreach activities.

Connect With Us

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Letter from Outgoing Director General JANINE FERRETTI

For people and communities affected by development projects, accountability is about being heard when concerns arise, having access to a fair and credible process when harm occurs, and seeing meaningful action taken to address negative impacts.

During my tenure at CAO, I visited communities living with the adverse impacts of projects supported by IFC and MIGA. Those conversations, often held in difficult circumstances, made clear that risk is not abstract and accountability is not simply a set of procedures. For people facing disrupted livelihoods, health concerns, or loss of access to land and water, CAO may represent their last meaningful opportunity to be heard and seek remedy.

This understanding shaped my view of CAO's role and informed the development of the CAO Policy, adopted in 2021. The Policy reflects a deliberate shift toward remedy and results: accountability should be judged not only by steps completed, investigations finalized, or reports issued but by whether it improves outcomes for project-affected people. The scale and nature of CAO's FY26 caseload underscores this imperative. CAO handled 63 cases across 30 countries; land-related concerns arose in 42 percent of cases, while impacts on livelihoods and children arose in 31 percent each.

Delivering better outcomes requires accountability that is both principled and practical. CAO's work is grounded in independence, fairness, transparency, respect for project-affected people, and continuous improvement, while remaining focused on solutions that can be implemented and verified. Timeliness and sustained follow-through are essential: delays can prolong harm, narrow the options for remedy, and weaken trust. At the end of FY26, 54 percent of CAO's active cases were in monitoring, reflecting the continued oversight often needed to ensure that agreements, investigations, and action plans lead to results on the ground.

By explicitly aligning CAO's purpose and core values with steps to facilitate access to remedy, consistent with relevant international principles and the IFC/MIGA Sustainability Framework, the CAO Policy grounded accountability in practical solutions and measurable impact. Altogether, accountability is about communities seeking a fair hearing; IFC and MIGA staff working to address issues with their clients; and the IFC and MIGA Boards overseeing institutional improvements in environmental and social performance.

Five years of Policy implementation have demonstrated the value of the CAO Policy in strengthening clarity, predictability, accountability, and transparency, while reinforcing CAO's focus on remedy and outcomes. The 2026 Targeted CAO Policy Review, commissioned by the IFC and MIGA Boards, affirmed these strengths and reinforced the Policy's central premise: accountability should be grounded in the experiences of project-affected people and judged by the results and positive impact achieved.

The Review also identified an important area for strengthening CAO's effectiveness. Management Action Plans (MAPs) are the key link between compliance findings and corrective action, and their success should be measured by results, not completion alone. CAO's compliance monitoring shows progress: 87.5 percent of systemic-level commitments in MAPs were effectively implemented by IFC/MIGA. However, only 35 percent of project-level commitments were found to be effective (refer to Monitoring and Evaluation pp. 44, table 2). While organization-wide improvements are important, these findings reinforce the need for more attention at the project-level, where corrective actions must translate into meaningful improvements for project-affected people and communities. Accountability is ultimately judged not by whether commitments are completed but by whether they address harm and lead to better outcomes on the ground.

The Review highlighted opportunities to strengthen the design and assessment of MAPs to ensure that MAP commitments are responsive to CAO's investigation findings and meet the needs of the complainants. The Review also emphasized that MAP commitments must be measurable so that progress can be evaluated against both implementation and outcomes. Together, these recommendations aimed at strengthening the process to ensure harm is meaningfully addressed.

As development finance confronts increasingly complex challenges—from climate change and biodiversity loss to evolving financial structures and rising stakeholder expectations—we must strengthen and sustain trusted, impartial independent accountability mechanisms. The need for such mechanisms is only growing. Meeting that need requires more than sound policy design; it requires disciplined follow-through, a willingness to learn from what cases reveal, and a sustained commitment. Done well, strong accountability at the World Bank will strengthen institutional environmental and social performance and help ensure development finance delivers on its purpose: sustainable, inclusive outcomes that do not leave project-affected people bearing avoidable harm.

As I conclude my time at CAO, I would like to share my deepest thanks to everyone who has been part of this journey. To complainant communities, thank you for your perseverance and courage, and the trust you place in CAO. I am also grateful to the civil society partners who stand alongside these communities and provide invaluable support. I would also like to thank IFC and MIGA, their clients, and all those who have engaged with CAO processes in a spirit of openness and constructive dialogue.

Above all, I want to acknowledge the CAO team. Their commitment, expertise, and dedication to serving project-affected people have been a constant source of inspiration, and it has been an honor to work with them.



July 2026

For people and communities affected by development projects, accountability is about being heard when concerns arise, having access to a fair and credible process when harm occurs, and seeing meaningful action taken to address negative impacts.



WHAT WE DO

Mission

CAO's mission is to serve as a fair, trusted, and effective independent accountability mechanism that facilitates access to remedy for project-affected people and enhances the environmental and social performance of IFC and MIGA.

Functions

CAO delivers on its mandate through three complementary functions:

DISPUTE RESOLUTION

CAO helps resolve issues raised about the environmental and social impacts of IFC/MIGA projects through a neutral, collaborative, problem-solving approach and contributes to improved outcomes on the ground.

COMPLIANCE

CAO carries out reviews of IFC/MIGA compliance with environmental and social policies, assesses related harm, and recommends remedial actions to address non-compliance and harm where appropriate.

ADVISORY

CAO provides advice to IFC/MIGA and their Boards with the purpose of improving IFC's/MIGA's systematic performance on environmental and social sustainability and reducing the risk of harm.

FY26 Strategic Priorities

CAO's strategic priorities for fiscal year 2026 focus on increasing the impact of its casework and fostering institutional learning and change. The strategy emphasizes stronger stakeholder engagement through clearer communication, greater transparency, and improved support for complainants. It also prioritizes staff capacity and well-being, while improving internal processes through digital transformation, streamlined systems, and stronger collaboration with IFC, MIGA, and other accountability mechanisms. Together, these priorities aim to make CAO more effective, responsive, and impactful.

1 **INCREASING THE IMPACT OF CAO'S CASEWORK**
with a focus on outcomes from dispute resolution and compliance processes and improved monitoring and evaluation.

2 **FOSTERING INSTITUTIONAL CHANGE THROUGH LEARNING**
by strengthening the quality and uptake of CAO's advisory and knowledge products.

3 **STRENGTHENING STAKEHOLDER ENGAGEMENT TO IMPROVE OUTCOMES**
through clearer communications, improved continuity of care for complainants, and enhanced transparency.

4 **ENHANCING STAFF CAPACITY AND WELL-BEING**
with an emphasis on workforce stability, professional development, and support for staff working on complex cases.

5 **IMPROVING THE WAY CAO WORKS**
by advancing digital transformation, streamlining processes, and strengthening collaboration with IFC, MIGA, and other accountability mechanisms.

Understanding
THE CAO PROCESS

ELIGIBLE COMPLAINT BECOMES A CASE

ELIGIBILITY/INTAKE

Admissibility Criteria

1. An active IFC or MIGA project
2. Issues raised pertain to CAO's mandate to address the environmental and social (E&S) impacts of the project.
3. Complainant is, or may be, affected by the harm raised in the complaint.

ASSESSMENT

CAO speaks with the complainant(s) and IFC/MIGA client (the parties) to to understand the issues raised in the complaint, and determine whether the parties would like to pursue a dispute resolution or compliance process.

DISPUTE RESOLUTION

Dispute Resolution

Through a voluntary CAO-facilitated mediation process, our dispute resolution specialists and local mediators help build the capacity of complainants and companies to engage in meaningful dialogue and design a collaborative process where both parties have ownership of the solutions and outcomes.

Dispute Resolution Monitoring

If the parties reach agreement through the dispute resolution process, we monitor implementation of any agreed actions.

Case Closed

When the parties inform us that the agreements have been implemented to their satisfaction, we close the case.

COMPLIANCE

Appraisal

We determine whether there are preliminary indications of harm and non-compliance by IFC/MIGA with their E&S policies that would merit a compliance investigation.

Investigation

We determine whether IFC/MIGA complied with their E&S policies and whether there is harm related to the non-compliance.

Compliance Monitoring

We monitor effective implementation of actions set out in IFC/MIGA's Management Action Plan (MAP) in response to our investigation findings.

Case Closed

We close the case after confirming that the commitments set out in IFC/MIGA's MAP have been effectively fulfilled or determining that there is no reasonable expectation of further action to address CAO's noncompliance findings.

Maximizing IFC's LEVERAGE for Investment Impact

> CAO compliance investigations consistently point to a leverage deficit, where shortcomings in how leverage is secured and applied are a recurring driver of non-compliance with IFC's Sustainability Policy. This, in turn, affects IFC's ability to ensure its investments do no harm to people and the environment.
>
> **— Janine Ferretti**
> *CAO's Former Director General*

In the world of development finance, investors like IFC apply environmental and social requirements to ensure that the projects they support are environmentally and socially sound. Using leverage over clients throughout a project's lifetime enables investors to hold clients to these requirements, put their own environmental and social commitments into practice, avoid project-related harm, and secure timely remedial action when problems do arise.

Sources of leverage can include contractual terms agreed during pre-investment due diligence, financing arrangements that tie disbursements to client environmental and social actions, and trust-based relationships with corporate investees. CAO's advisory report, *Leveraging IFC's Influence to Enhance Environmental and Social Outcomes*, published in April 2026, uses more than a decade of case history to assess how IFC uses these levers across its investments and recommends ways to apply them more consistently and effectively.

The report draws insights from 59 IFC projects, including 34 that generated community complaints, as well as interviews with IFC operational staff and best practices from other development finance institutions. Analysis of CAO's compliance cases, in particular, found multiple instances where IFC failed to exert contractual leverage over clients when E&S failings occurred. In other cases, IFC lost leverage by waiving clients' environmental and social commitments or disbursing funds before such commitments were completed.

Such actions have created a leverage deficit, with real-world impacts. Community impacts and complaints often emerge years after a project begins, yet IFC is left with limited means to secure client action to mitigate adverse impacts or take feasible remedial measures. Moreover, recent CAO cases demonstrate how lack of leverage can undermine IFC's capacity to remediate harm through corrective Management Action Plans (MAPs), which are Board-approved responses to CAO findings.

The report is designed to support IFC's efforts as it reviews its existing approach to leverage and puts its Remedial Action Framework for addressing project-related harm into effect. The report establishes four chief areas of concern and details practical ways of using existing systems to address these challenges. These include strengthening leverage during pre-investment due diligence, closing leverage gaps, expanding IFC's leverage toolbox, and formalizing IFC's leverage strategy.

The findings of this report are also intended to guide other regional and global investor institutions in adopting unified leverage strategies and embedding explicit remedial obligations in client agreements to the benefit of people and the environment. Against a backdrop of increasing IFC mobilization of private sector capital for development projects—often in fragile and conflict-affected settings, this roadmap will enable IFC to improve remedy for communities and cement its role as a leader in sustainable investment.

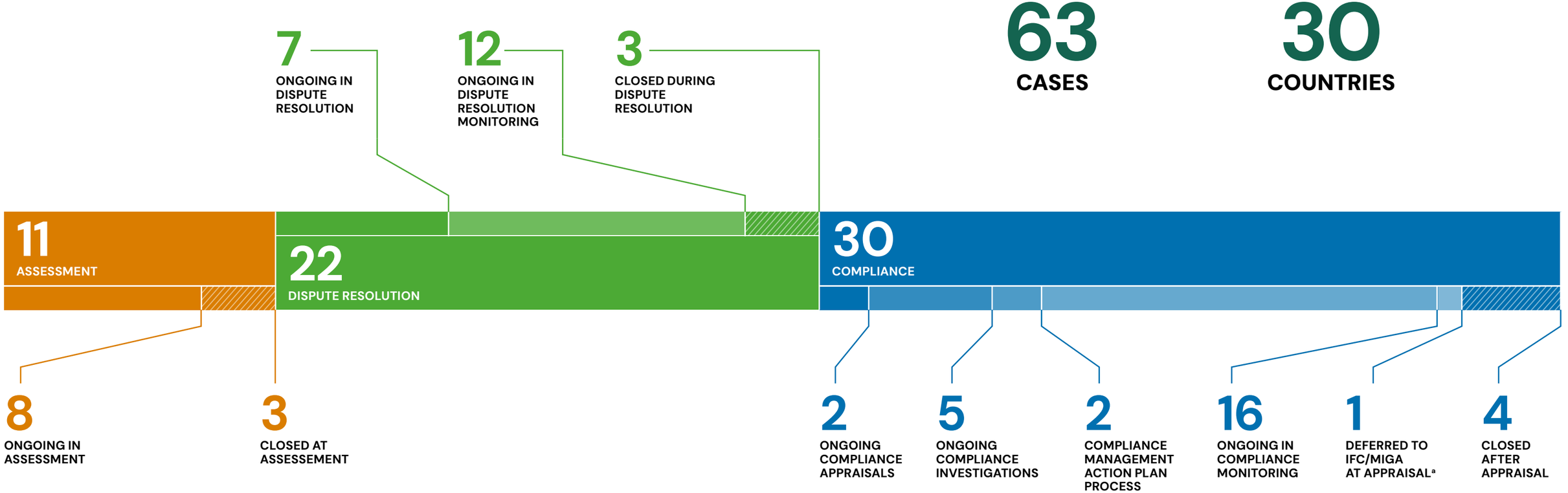
By the NUMBERS

Cases Handled

In FY26, CAO handled **63 cases** in **30 countries**.

At the end of the fiscal year, 8 cases were in the assessment phase, 19 in Dispute Resolution and 25 in in Compliance, for a total of 52 cases considered active and 11 cases closed during the year.

STATUS OF CASES, END OF FY26



[a] CAO may defer initiation of a compliance investigation for up to six months to allow IFC/MIGA, the client, and the complainant to resolve issues directly (see CAO Policy, paras. 98–103).

FIGURE 1

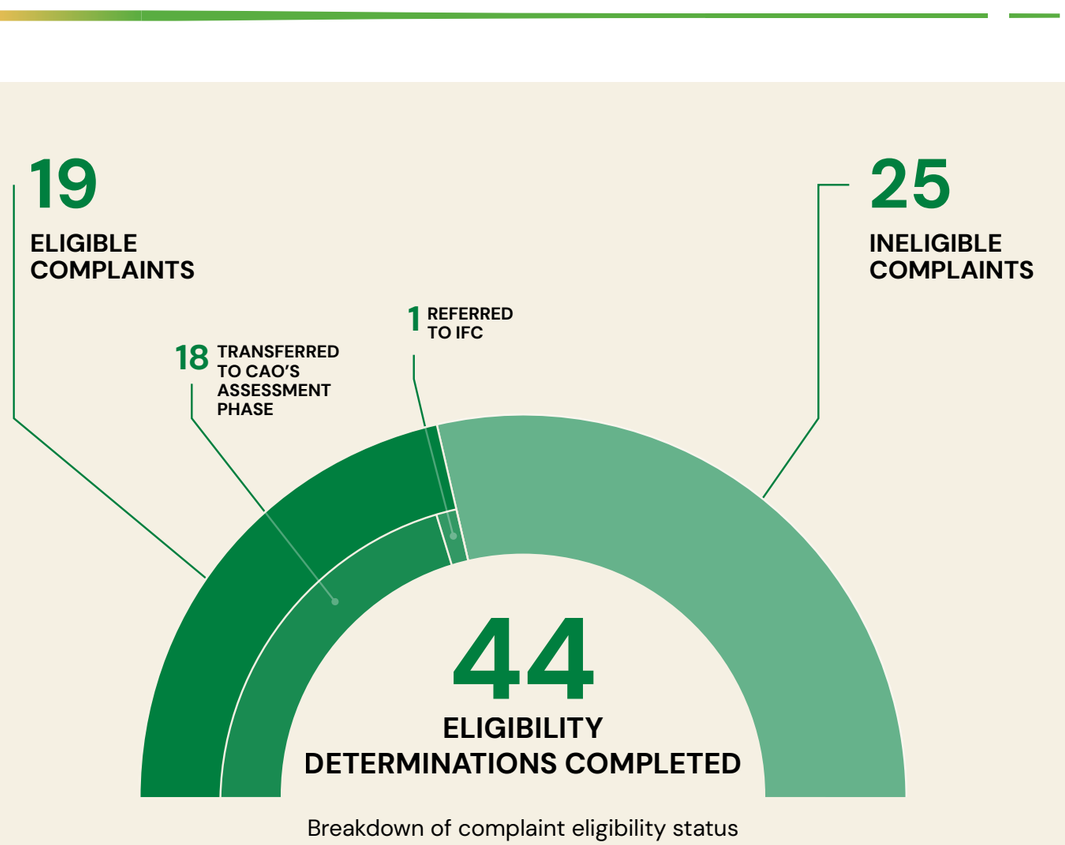
New Complaints and Eligibility Determinations

CAO has three simple criteria to determine whether a complaint is eligible:

- The complaint relates to an active IFC or MIGA project.
- The issues raised fall within CAO's mandate to address the project's environmental and social impacts.
- The complainant is, or may be, affected by the harm raised in the complaint.

During FY26, CAO received 44 new complaints. With 10 additional complaints carried over from FY25, CAO handled a total of 54 complaints during the fiscal year and completed the eligibility determination process for 44 complaints: finding 19 eligible, with 18 proceeding to the assessment phase and 1 referred to IFC (refer to figure 2).

Of the 25 complaints found ineligible in FY26, 48 percent did not relate to an active IFC or MIGA project, 36 percent did not indicate that the complainant may be affected by the alleged harm, and 28 percent raised issues outside CAO's mandate. CAO Policy exclusion criteria applied in 11 complaints (44 percent), including 8 labor-related complaints that were found ineligible because the issues raised were not systemic in nature, and 1 complaint submitted after IFC or MIGA had exited the project.



Breakdown of complaint eligibility status

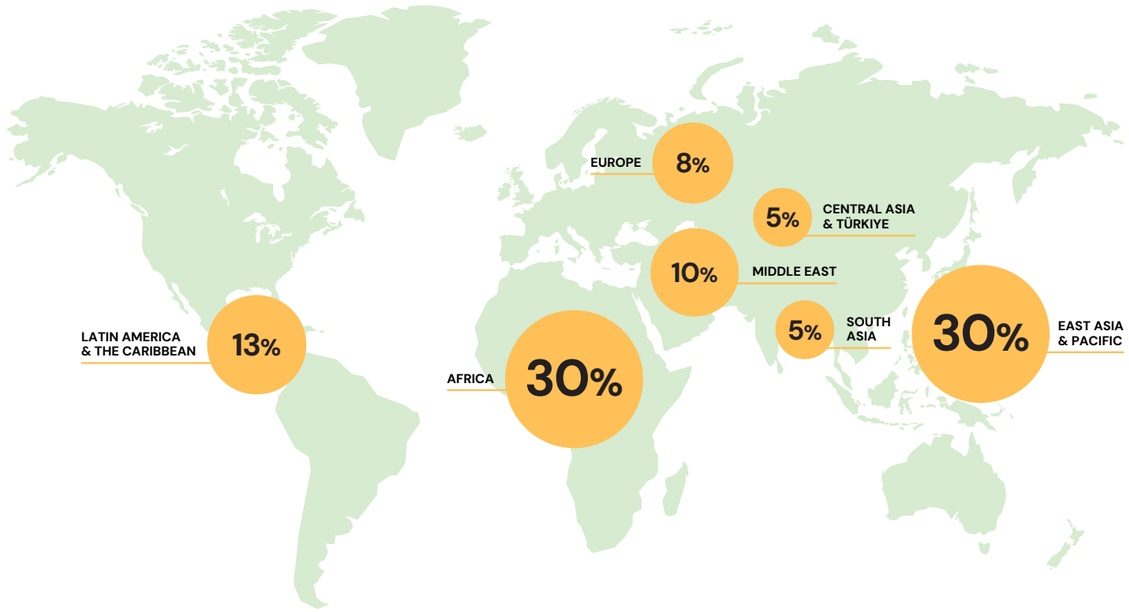
FIGURE 2

Cases by Institution

IFC-related cases, including both investments and advisory services, remained the dominant share of CAO's caseload, accounting for 87 percent (55 of 63 cases). Joint IFC/MIGA cases represented 10 percent (6 cases), and MIGA-only cases 3 percent (2 cases).

Cases by Region

The highest caseload concentrations are in Africa (including both North Africa and Sub-Saharan Africa) and East Asia and Pacific, each at 30 percent. Refer to map 1 for the full regional breakdown.



MAP 1

Top Five Environmental and Social Issues of Concern

Land-related concerns were the most prevalent cross-cutting issue, appearing in 42 percent of cases, followed by loss of livelihoods and impacts on children (31 percent each) (refer to figure 3). Coercion was raised in 29 percent of cases, while water-related impacts were cited in 26 percent.

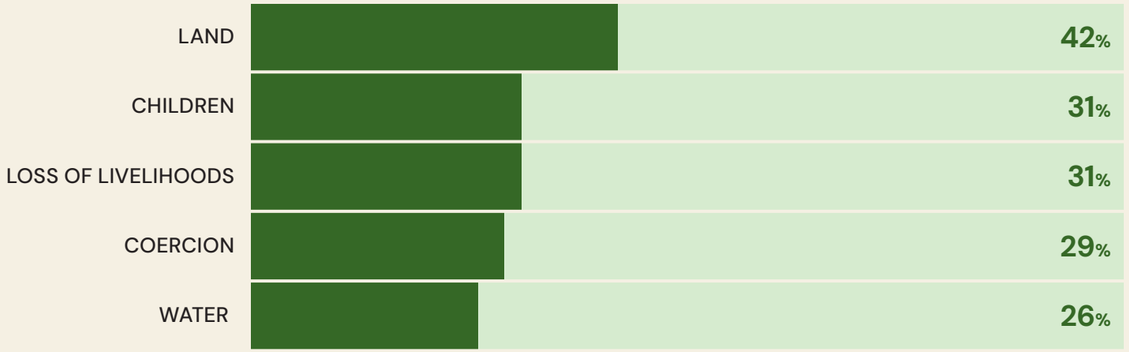


FIGURE 3

Note: Because many complaints raise more than one issue, the percentages shown represent the distribution across complaints and therefore do not sum to 100 percent.

Cases by Industry

Infrastructure, energy, and mining represented the largest share of CAO's FY26 caseload, with 28 cases, accounting for 44 percent of all cases (refer to figure 4). Financial markets represented the second-largest share, with 21 cases (34 percent). Manufacturing, agribusiness, and services accounted for 11 cases (17.5 percent), while health and education represented the smallest share of the caseload, with 3 cases (5 percent).

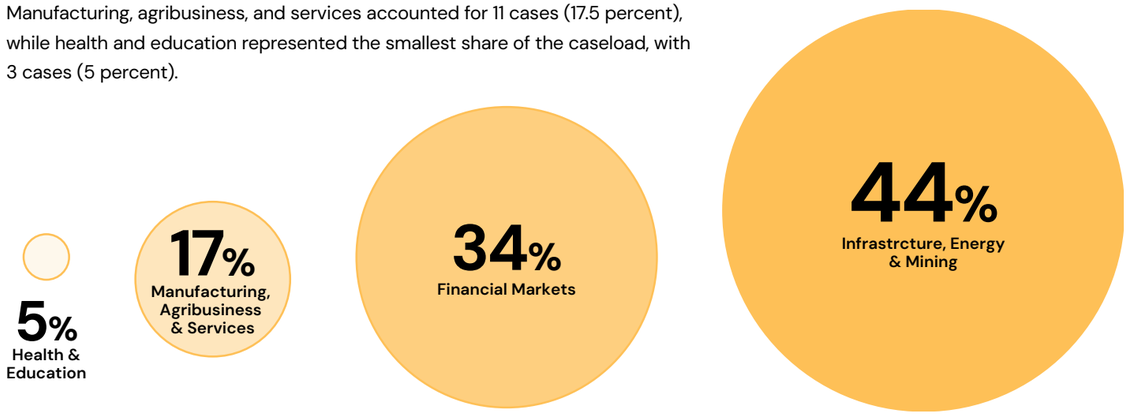


FIGURE 4

Threats and Reprisals

People affected by IFC and MIGA projects must be able to raise concerns and participate in CAO processes without fear of intimidation or retaliation. Threats and reprisals not only place individuals at risk but can also undermine access to accountability and CAO's ability to address concerns effectively. Protecting participants and responding promptly to potential risks therefore remains a core priority.

CAO has tracked allegations and concerns related to threats and reprisals affecting complainants and other stakeholders for several years. In FY26, these concerns arose in 43 percent of cases handled by CAO, compared with 48 percent in both FY24 and FY25 (refer to figure 5) . While the share declined slightly this year, threats and reprisals remain a significant feature of CAO's caseload, underscoring the need for systematic risk assessment and response throughout the process of handling the case.

The manufacturing and agribusiness sectors recorded the highest proportion of cases involving concerns about threats and reprisals, with more than two-thirds of cases handled in these sectors raising such concerns. About 42 percent of cases in financial markets and 37 percent in infrastructure raised such concerns. Regionally, the highest concentration of cases raising threats and reprisals concerns came from South Asia, followed by Latin America and the Caribbean, East Asia and Pacific, and the Middle East. These patterns help CAO identify where heightened attention to contextual risks may be required.

Concerns of Threats and Reprisals in CAO Cases, FY23–26

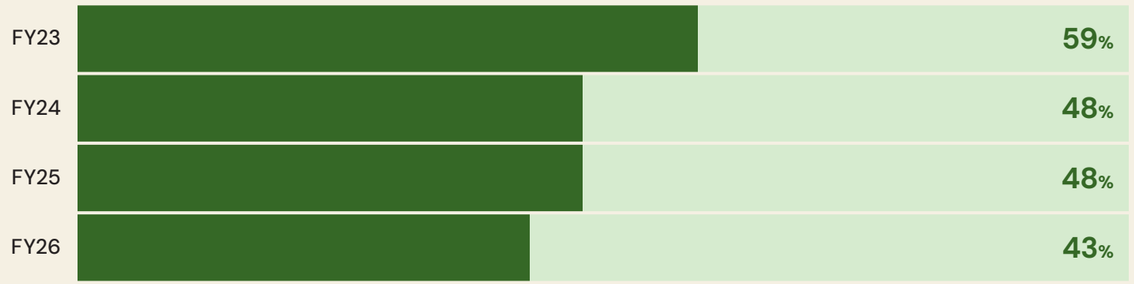


FIGURE 5

ACCOUNTABILITY IN FOCUS

Addressing THREATS & REPRISALS in CAO Cases

CAO's Head of Dispute Resolution, Nokukhanya Ntuli, explains the measures CAO takes to minimize and mitigate the threat of reprisals to complainants.



What sorts of reprisals are you seeing in CAO's casework?

Reprisals can include compromising a person's current standing in the workplace or their future employment prospects, their loss of reputation in the community, threats of physical violence, and even criminalization or incarceration. Understandably, people's concerns for the safety and well-being of themselves or their family can prevent them from filing complaints to seek redress for impacts arising from projects. The changing nature of the investment landscape has seen a shift in the nature of threats and reprisals. For example, in recent years we've seen an escalation in complaints relating to labor issues. And as IFC increases its investment in microfinance, a new type of reprisal has emerged—the intimidation of defaulters on loans.

What's the scale of the challenge?

The dangers of threats and reprisals are real and documented: in fiscal year 2026, 43 percent of cases handled by CAO included some concerns of threats and reprisals, 38 percent of which allegedly originated with the company involved, 38 percent with public authorities, and a further 14 percent with some combination of the two. In the remaining 10 percent, other community members, sometimes in combination with the company, were perceived as the source of the threat.

How does CAO address the issue?

We've developed a set of tools to mitigate the dangers of threats and reprisals to complainants. One critical measure is a regular and ongoing *risk assessment* that considers such risk factors as the environment for public participation and the types of risks typical in the country or regional context. Protecting the *confidentiality* of the complainants enables them—and future complainants—to feel entirely secure in the privacy and safety of the process. We also work to generate a *supportive environment* that addresses the power imbalances inherent in the process. Internally, we have developed a risk rating framework and escalation and response protocols, making our staff more proactive.

What happens when these measures fail?

Despite these measures, reprisals and other security incidents may recur. In such circumstances, CAO will discuss an appropriate course of action with the people concerned, and assess what steps are feasible within the limits of our mandate and capacity to physically protect complainants or safeguard people from possible consequences. We're learning how to find the right balance between our responsibilities and our limitations, from our own practice and by engaging with other ideas, independent experts, and other stakeholders and actors like the other development finance institutions and civil society.

How do you prepare IFC staff and communities to address concerns of threats and reprisals?

In 2018 we published our *Approach in Responding to Concerns of Threats and Instances of Reprisals in CAO Operations*, to provide guidance for staff and consultants. In 2024, after an independent review of this approach, we enhanced our website to improve access to information for complainants; provide opportunities for knowledge-sharing and learning; and improve how staff and consultants approach risk assessment and safety in the field.

ASSESSMENT

Gathering Insights into the Issues

During an assessment, CAO gathers information about the complaint by meeting with stakeholders, including the complainants and the IFC/MIGA client. CAO explains our processes and options so that the parties can decide how they would like to proceed. They can either participate voluntarily in a dispute resolution process facilitated by CAO or request that the complaint move to CAO's Compliance function for an appraisal of IFC/MIGA's environmental and social performance.

Learn more about CAO's Assessment process.

In FY26, CAO concluded 12 assessment processes: 7 cases transferred to Dispute Resolution, 1 transferred to Dispute Resolution Monitoring, 3 transferred to Compliance Appraisal, and 1 closed after the complainants withdrew their complaint, indicating that the issues raised had been resolved since filing with CAO (Jordan: Falcon PV Ma'an-01). Two additional cases were closed during assessment because the related processes could not be initiated or resumed due to complainant withdrawal or extenuating circumstances (refer to figure 6). At the end of FY26, 8 cases remained pending in assessment.

8

ONGOING

Cambodia: HTB Sub Debt-16
Cambodia: AMRET MFI Equity-19
Colombia: TM2
Guinea: Compagnie des Bauxites de Guinée (CBG)-02
Kenya: GMED Holding B.V.-01
Pakistan: Karot Hydro-11
Serbia: Morava Corridor Motorway-06
Türkiye: Antalya Airport LTF

7

TRANSFERRED TO DISPUTE RESOLUTION

Cambodia: MIFA DF Amret-13
Cambodia: ACLEDA and HTB -14
Cambodia: HTB Sub Debt-15
Cambodia: HTB Sub Debt-17
Ecuador: Pronaca Covid-01
Kenya: Avenue Group-01
Mexico: ESIP Liftit 2018-01

1

TRANSFERRED TO DISPUTE RESOLUTION MONITORING

Cambodia: MIFA Debt Fund-18

3

TRANSFERRED TO COMPLIANCE APPRAISAL

Nepal: Cable Car-01
Rwanda: AB Bank-01
Serbia: Morava Corridor Motorway-05

3

CLOSED AT ASSESSMENT

Jordan: Falcon PV Ma'an-01
*2 additional cases in Egypt; and West Bank & Gaza were closed at Assessment given that the related processes were not initiated due to the complainants' withdrawal or inability to resume the process due to extenuating circumstances.. Learn more on our Complaints Registry.

22

TOTAL CASES IN ASSESSMENT, FY26

FIGURE 6

DISPUTE RESOLUTION

Advancing Stakeholder-Led Solutions Through Dialogue

Through our Dispute Resolution function, CAO helps communities, companies, and other stakeholders address concerns related to the environmental and social impacts of IFC and MIGA projects through a voluntary, neutral, and collaborative problem-solving process. By facilitating dialogue and supporting mutually agreed solutions, CAO contributes to improved outcomes for communities on the ground and stronger relationships between project stakeholders.

Learn more about CAO's Dispute Resolution function.

CAO handled 24 dispute resolution cases during FY26. East Asia and Pacific accounted for 11 cases (46 percent), followed by Africa with 9 (37.5 percent) (refer to figure 7). Cases were concentrated in Cambodia (11), Egypt (3), and Guinea (2) and primarily related to the financial markets sector (12 cases, or 50 percent), and infrastructure sector (8 cases, or 33 percent)

4

INTERIM AGREEMENTS REACHED

Cambodia: VEIL II-01
Cambodia: TPBank and VPBank-01
Guinea: CBG-01
Uganda: Grain Development Project – Agilis-01

7

ONGOING IN DISPUTE RESOLUTION

In addition to the cases that have reached interim agreements, the following cases are also in dispute resolution:

Kenya: Avenue Group-01
Ecuador: Pronaca Covid-01
Mexico: ESIP Liftit 2018-01

12

IN DISPUTE RESOLUTION MONITORING

Cambodia: IFC MEF & MIFA Debt Fund-04
Cambodia: IFC MEF-06
Cambodia: IFC MEF-08
Cambodia: HTB Sub Debt-17
Cambodia: MIFA Debt Fund-18
Cambodia: MIFA Debt Fund and Amret MFI Equity-13
Cameroon: Nachtigal Hydropower Co-01
Cambodia: ACLEDA and HTB-14
Cambodia: HTB Sub Debt-15
Egypt: Benban Solar-01
Guinea: NedBank Tier II-01/Kintinian
Uzbekistan: Zarafshan-04

2

TRANSFERRED TO COMPLIANCE

Egypt: Benban Solar-06
Egypt: Al Subh Solar Power, Sunrise Energy and Rising Sun Energy-01

3

CLOSED AFTER DISPUTE RESOLUTION MONITORING

Pakistan: Karot Hydro-07/Jhelum River
Cambodia: IFC MEF-09
Togo: LCT-02/Lomé

24

TOTAL CASES IN DISPUTE RESOLUTION, FY26

FIGURE 7

Building Trust Through Interim Agreements: Bauxite Mining in Guinea

Interim agreements are important because they allow communities and companies to address concerns, build confidence in the process, and deliver tangible benefits while broader negotiations continue on other concerns raised. In complex disputes that may take years to resolve, these interim agreements can create momentum, strengthen trust, and demonstrate that dialogue can lead to meaningful outcomes.

Following a complaint filed by 13 communities affected by the expansion of the Sangaredi bauxite mine in Guinea, CAO facilitated a multiyear mediation process between the communities and Compagnie des Bauxites de Guinée (CBG) (Guinea: CBG-01). The process focused on addressing concerns related to land loss, livelihoods, blasting impacts, water access, pollution, safety, community consultation, and grievance management.

A key milestone was the signing of a Ground Rules Agreement in 2020, which established a framework for respectful and constructive dialogue and helped build trust between the parties. In October 2021, the parties reached their first formal agreement on blasting impacts. The agreement established a 1,000-meter buffer zone around villages during blasting activities, introduced surface miners 500 meters from villages to reduce dust and noise, and required advance consultation before new mining pits are opened.

Building on this progress, the parties signed a Stakeholder Engagement Agreement in May 2025 that strengthened community access to information and improved grievance management processes. They also formalized Water and Blasting Agreements, which resulted in a range of practical measures, including the installation of new boreholes and solar-powered water systems, rehabilitation of wells, training on home construction and repairs, continued respect for mining buffer zones, and livestock vaccination programs.

Although some commitments reflected existing company policies, the mediation process helped formalize these actions as jointly agreed obligations and established mechanisms for ongoing dialogue. The agreements have already produced tangible benefits, including improved access to water, enhanced emergency medical support, improved communication between the company and the community, and increased trust between the parties. CAO continues to facilitate implementation and regular meetings as the parties work toward additional agreements and long-term solutions.

The CBG case illustrates how a series of interim agreements helped improve conditions on the ground while laying the foundation for longer-term solutions.

Surface mining equipment used to extract bauxite in Sangaredi, Guinea. The environmental and social impacts of surface mining was one of the issues addressed in the interim agreements reached during the CAO-facilitated mediation process. (Photo: CAO/Rodrig Mbock, 2025)





A woman works at a livelihood restoration project in Lomé, Togo. Livelihood restoration initiatives were part of the agreements reached during the CAO dispute resolution process to help address economic impacts experienced by affected community members. (Photo: CAO/Kathryn Graczyk, 2025)

Cases Closed

Cambodia: Microfinance Project

In July 2024, CAO received a complaint related to PRASAC, a client of IFC's Microfinance Enhancement Facility (MEF), concerning lending and debt collection practices that the complainant in Cambodia alleged had harmed their livelihood and well-being (IFC MEF-09). During CAO's assessment, both parties agreed to enter a voluntary dispute resolution process and quickly reached a signed agreement in March 2025 to address the issues raised. As a result, the case moved directly from assessment into monitoring of the implementation of the dispute resolution agreement. Following five months of monitoring, both parties confirmed that the agreement had been successfully implemented and that all issues had been resolved to their satisfaction, resulting in CAO closing the case in August 2025.

Pakistan: Hydropower Project on the Jhelum River

The Karot Hydropower Project is a 720-megawatt hydropower plant on Pakistan's Jhelum River supported by IFC. In 2022, a labor union leader filed a complaint alleging restricted access to the project site for union activities and challenges in establishing worker representation through a collective bargaining agent (Karot Hydro-07/Jhelum River). Following a CAO assessment, the parties agreed to participate in dispute resolution, beginning with capacity-building sessions and facilitated dialogue. The process led to an interim agreement on site access in October 2023, and ultimately a full settlement agreement in December 2024, which was successfully implemented and monitored before the case closed in June 2025.

Togo: Lomé Port Expansion Project

The Lomé Container Terminal (LCT) project, supported by IFC, involved the expansion of port infrastructure in Togo to promote economic growth and regional trade. In 2018, CAO received a complaint from more than 400 people who alleged that the project's land acquisition and operational impacts had disrupted their livelihoods and left many without adequate means of income or recourse (LCT-02/Lomé). Through a seven-year dispute resolution process facilitated by CAO, the parties engaged in dialogue. They ultimately reached a mediation agreement in October 2023 that provided livelihood restoration measures, including food support, health insurance, and assistance for income-generating activities. After monitoring implementation through March 2025, the complainants and LCT confirmed that the agreement had been successfully implemented, resulting in restored livelihoods and a stronger relationship between the company and affected communities. CAO closed the case in early FY26.

ACCOUNTABILITY IN FOCUS

DISPUTE RESOLUTION

When Time Becomes Part of the Solution

The CAO Policy and earlier Operational Guidelines deliberately avoided fixed mediation timelines, recognizing that genuine dialogue between communities and companies cannot be forced into a predetermined schedule. Disputes years in the making rarely resolve in months. Complex issues, political and local volatility rarely conform to a calendar. Yet without a shared pace, cases can drift and communities may feel that time is working against them.

An External Perspective from the Concentric Alliance on Timelines of a CAO Dispute Resolution Process

Some CAO cases, particularly those that predate the 2021 CAO Policy, have taken years to resolve. In response to these concerns, CAO engaged the Concentric Alliance, an independent organization with deep mediation expertise, to review its approach. Concentric Alliance recommended among others, mutually agreed timelines co-created by the parties and revisited as circumstances evolved.

Putting the Recommendations into Practice

CAO has now put these recommendations into practice. Since implementation began in 2024, parties have been able to set mutually agreed timelines at the start of the dispute resolution process and assess whether to continue, close, or transition the case when the agreed period ends. In FY26, the Dispute Resolution team applied mutually agreed timelines to 7 new cases, bringing the total to 18 since 2024. Agreed timelines ranged from one month to one year. Cases spent an average of five months in negotiations, while their overall average duration, including monitoring, was nine months. These averages reflect experience, not a universal benchmark: a mutually agreed timeline is neither a fixed deadline nor an expectation that every case follows the same schedule. Each timeframe is agreed by the parties and tailored to the dispute's context, complexity, the availability of the parties, and their readiness for resolution. Of the 7 cases in FY26, all but 1 reached full agreement within the agreed timeline. Across the 18 cases, 12 were resolved within their mutually agreed timelines, 5 were extended because of external factors or to support successful closure, and 1 was transferred to Compliance.

Lessons from Experience

The experience has yielded four broader lessons:

- First, timelines matter. Even nonbinding timeframes give parties a sense of direction, an initial shared agreement, and ownership. They replace the uncertainty of an open-ended process with shared direction.
- Second, who sets the timelines matters profoundly. A schedule set by the CAO—either through policy or directive facilitation—carries a different weight than one that parties have negotiated together. The latter creates accountability that is internally generated, grounded in parties' expectations and availability.
- Third, flexibility in dispute resolution processes is not optional. Circumstances change. A timeline that cannot bend can undermine the mediation process or deliver partial or unsustainable solutions. The capacity to revisit timelines without stigma allows parties to reach agreements that better reflect their needs and interests.
- Fourth, and perhaps most importantly, there is no universal template. The pace for a case involving a single individual differs from the pace of a complex multiparty dispute.

Context matters and mediation should be responsive to it. The real value of a mutually agreed timeline is not the timeline itself, but that parties control it. When parties agree on the timeline, they create a shared commitment grounded in their own realities, responsive to change, and jointly owned. In this way, time is no longer an external constraint on mediation; it becomes a tool the parties use to shape the path to resolution.

COMPLIANCE

Recommending Actions to Enhance Performance and Remedy Harm

Through the Compliance function, CAO assesses whether IFC and MIGA have complied with their environmental and social policies when projects are alleged to have caused harm. Through appraisals and, where warranted, investigations, CAO examines IFC/MIGA's actions, the impacts on affected communities, and any links between non-compliance and project-related harm. By facilitating access to remedy, strengthening accountability, and promoting institutional learning, the Compliance function helps improve environmental and social outcomes for project-affected people.

Learn more about CAO's Compliance function.

In FY26, CAO handled 30 cases across all phases of its Compliance function. Africa accounted for the largest share of cases, with 9 (31 percent), followed by East Asia and Pacific with 6 (21 percent), Latin America and the Caribbean with 5 (17 percent), and Europe with 4 (14 percent) (refer to figure 8). Egypt and Kenya had the most cases, with 3 each. Sectoral trends were consistent with overall CAO trends, with infrastructure accounting for 12 cases (41 percent) and financial markets for 7 (24 percent).

30
TOTAL CASES IN COMPLIANCE, FY26

2
IN COMPLIANCE APPRAISAL

Nepal: Cable Car-01
Rwanda: AB Bank-01

5
ONGOING INVESTIGATIONS

India: Shapoorji Pallonji-01/Pune
Indonesia: Wings-01/Long Beluah
Indonesia: KEB Hana Indonesia Rights Issue IV-01/Suralaya Village
Nigeria: Eleme Fertilizer-03/Port Harcourt
Ukraine: MHP-01/Vinnytsia Oblast

2
COMPLIANCE MANAGEMENT ACTION PLAN PROCESS

Haiti: Group M and CODEVI II-01
Pakistan: Karot Hydro-02, 03, 04

16
IN COMPLIANCE MONITORING

Cambodia: Financial Intermediaries-01-03
Cambodia: Financial Intermediaries-04
Chile: Alto Maipo-01, 02
Georgia: AGL-01/ Makhalakidzeebi
Guatemala: CIFI-01/Hidro Santa Cruz
Guatemala: Real LRIF-01/Coban
India: Tata Tea-01/CAO VP Request, 02
Jordan: Masdar Baynouna-01/East Amman
Kenya: Bidco Bev. & Det.-01/Thika
Kenya: Bridge International Academies-01/Kenya
Kenya: Bridge International Academies-04, Learn Capital 01, 02, 03, 04
Liberia: Salala Rubber Corporation (SRC)-01/Margibi & Bong Counties
Myanmar: Myanma Awba Group Company Limited- 01
Panama: PL IV-01/ Multiple locations
Philippines: Rizal Commercial Banking Corporation (RCBC)-01
Ukraine: Axzon-01/Halych and Kalush

4
CLOSED AFTER APPRAISAL

Egypt: Benban Solar-02
Egypt: Benban Solar-06
Egypt: Al Subh Solar Power, Sunrise Energy and Rising Sun Energy-01
Serbia: Morava Corridor Motorway-05

1
CLOSED AFTER DEFERRAL[a]

Jordan: Daehan Wind Power Co-01

[a] CAO may defer initiation of a compliance investigation for up to six months to allow IFC/MIGA, the client, and the complainant to resolve issues directly (see CAO Policy, paras. 98–103).

FIGURE 8

Cases Closed After Appraisal

In FY26, CAO completed 4 compliance appraisals, all of which concluded that investigations were not warranted. As a result, no new compliance investigations were initiated from completed appraisals during the year.

The appraisals reflected a range of findings. In 3 cases concerning labor-related concerns in Egypt, CAO identified preliminary indications of harm but found no indication of non-compliance by IFC or MIGA. In a case concerning the Morava Corridor Motorway project in Serbia, CAO identified preliminary indications of non-compliance related to land acquisition and resettlement but found no preliminary indications of harm or potential harm to complainants. While the appraisal identified preliminary indications of harm related to stakeholder engagement, community outreach, and the project grievance mechanism, it did not identify preliminary indications of non-compliance. In each case, CAO concluded that the available information did not establish a plausible link between the alleged harm and potential non-compliance by IFC or MIGA.

Investigation Reports Published

Cambodia: Financial Intermediaries-04

In Cambodia, borrowers represented by civil society organizations filed a complaint with CAO alleging predatory lending and debt collection practices by microfinance institutions supported through IFC investments, resulting in loss of land, livelihoods, and harms to Indigenous Peoples (Financial Intermediaries-04). CAO's investigation found that IFC did not comply with its Sustainability Framework during the due diligence and supervision of these investments, failing to adequately identify, assess, and monitor risks to vulnerable borrowers and Indigenous communities. CAO concluded that these shortcomings contributed to harms including loss of productive assets, food insecurity, reduced livelihoods, educational disruption, and impacts on Indigenous Peoples' cultural identity and communal land. In accordance with the CAO Policy, CAO developed recommendations for IFC to consider in the development of a Management Action Plan (MAP) relating to the remediation of non-compliance and related harm. In June 2026, the Board approved IFC's Management Report including a "Special Management Action Plan" in response to CAO's investigation. IFC stated in its Management Report that, because it disagrees that the IFC Sustainability Framework applies to the harms presented in CAO's Investigation Report, it was not presenting a usual MAP as required under the CAO Policy. IFC's Management Report describes actions intended to facilitate the review and resolution of the 18 complainants' cases through clients' consumer complaint mechanisms, supported by an independent consultant, and to strengthen those mechanisms and borrower awareness. It also describes actions to enhance responsible lending and debt collection practices. The IFC Board released a statement regarding CAO's Investigation Report. Per the statement, CAO will monitor IFC's support to the 18 complainants under the Special Management Action Plan. Management will present its approach to financial consumer protection in microfinance to the Board during 2026 and consider financial consumer protection during the update to IFC's Sustainability Framework. Pending discussion on the policy issues, CAO will not take any cases relating to financial consumer protection in microfinance.

Cambodia: Financial Intermediary Investment Related to Lower Sesan 2 Hydropower Project

From 2010 to 2024, IFC invested in ABBank in Viet Nam, a financial intermediary whose financing was linked to Cambodia's Lower Sesan 2 hydropower project. Communities affected by the project filed a complaint alleging loss of land and livelihoods, inadequate compensation and resettlement, impacts on Indigenous Peoples, and reduced access to fisheries and water resources (Financial Intermediaries-01-03). CAO's investigation found that IFC did not conduct adequate environmental and social due diligence or effectively supervise ABBank's environmental and social commitments, and identified harm and indications of harm to affected communities. In response, IFC's Board-approved Management Action Plan (MAP) focuses on strengthening due diligence, supervision, staff guidance, training, and the use of leverage across higher-risk investments by financial intermediaries. IFC and CAO issued a public statement outlining the investigation findings and planned actions following the MAP's approval.



IFC and MIGA supported a cascading hydropower project on the Adjaristsqali River in Georgia, including the 185-megawatt Shuakhevi Hydropower Plant. In 2018, residents of the Rabati community filed a complaint alleging project-related impacts on groundwater, biodiversity, and local livelihoods. (Photo: CAO/Raquel Gomez Fernandez, 2022)

Georgia: Hydropower Project on the Adjaristsqali River

In 2014, IFC and MIGA supported the Adjaristsqali hydropower project in Georgia, including the 185-megawatt Shuakhevi hydropower plant. In 2018, residents of the Rabati community filed a complaint alleging project-related impacts on groundwater, biodiversity, and local livelihoods (AGL-01/Makhalakidzeebi). CAO's investigation found shortcomings in IFC's environmental and social due diligence and supervision related to groundwater management and biodiversity protection, resulting in harm to community water access and a significant likelihood of harm to aquatic habitats and fish species. IFC's Board-approved Management Action Plan (MAP) includes measures to support a long-term community water supply, strengthen biodiversity assessments, and enhance mitigation measures aimed at achieving no net loss of biodiversity where feasible. CAO, IFC, and MIGA described these commitments alongside the investigation findings in a joint press release issued after the MAP's approval.

Ukraine: Agribusiness Farming Project

In 2013, IFC supported the expansion of Axzon's pig farming and meat processing operations in Ukraine. Communities filed a complaint alleging pollution, odors, inadequate consultation, and other environmental and social impacts from the project (Axzon-01/Halych and Kalush). CAO's investigation found gaps in IFC's environmental and social due diligence and supervision, including shortcomings related to manure and wastewater management, pollution prevention, and stakeholder engagement, and identified indications of harm to local residents. IFC's Board-approved Management Action Plan (MAP) focuses on strengthening due diligence and supervision for similar investments through updates to its Environmental and Social Review Procedures and staff guidance. CAO and IFC described these measures alongside the investigation findings in a joint public press release issued after the MAP's approval.

Compliance Monitoring

Through Compliance monitoring, CAO assesses whether IFC/MIGA's Management Action Plan commitments (at both systemic and project levels) have been implemented and whether they are effectively addressing CAO investigation findings. Monitoring continues until CAO determines that the actions have been effectively implemented or that no further monitoring is warranted. This action-level approach enables monitoring efforts to focus on the areas where effectiveness gaps remain.

In FY26, CAO handled 16 cases in the Compliance monitoring phase and released an Omnibus Report in Q3, reporting on outcomes for 8 of these cases (refer to table 1). As described in the Report, CAO decided to keep the 8 cases open in Compliance monitoring, reflecting the need for continued oversight of IFC's actions. However, CAO closed project-level monitoring for PL IV-01/ Multiple locations (Panama), an advisory services project relating to an electricity transmission line, and Axzon-01/Halych and Kalush (Ukraine), an IFC-supported pig farming and meat processing facility. CAO also closed systemic-level monitoring for Myanma Awba Group Company Limited- 01 (Myanmar), which relates to an IFC-supported agrochemical plant. With respect to Rizal Commercial Banking Corporation (RCBC)-01 (Philippines), which relates to the impact of coal-fired power plants financed by an IFC financial intermediary client, IFC completed its exit from RCBC by selling its remaining shares in December 2025 and confirmed that it would take no further action on Management Action Plan implementation. CAO has requested a joint CAO-IFC briefing to the Board to determine next steps and continues to monitor the case (refer to pp. 32, Key Lessons Learned from Monitoring Management Action Plans).

Status of Cases in Compliance Monitoring, FY26

ONGOING MONITORING AT THE PROJECT AND SYSTEMIC LEVELS	ONGOING PROJECT-LEVEL MONITORING ONLY	ONGOING SYSTEMIC-LEVEL MONITORING ONLY
Cambodia: Financial Intermediaries-01-03	Guatemala: Real LRIF-01/Coban*	Chile: Alto Maipo-01, 02
Cambodia: Financial Intermediaries-04	Kenya: Bidco Bev. & Det.-01/Thika*	Guatemala: CIFI-01/ Hidro Santa Cruz*
Georgia: AGL-01/ Makhalakidzeebi	India: Tata Tea-01/CAO VP Request, 02*	Panama: PL IV-01/ Multiple locations*
Jordan: Masdar Baynouna-01/East Amman	Philippines: Rizal Commercial Banking Corporation (RCBC)-01*	Ukraine: Axzon-01/Halych and Kalush*
Kenya: Bridge International Academies- 01/Kenya	Myanmar: Myanma Awba Group Company Limited- 01*	
Kenya: Bridge International Academies-04, Learn Capital 01, 02, 03, 04		
Liberia: Salala Rubber Corporation (SRC)-01/Margibi & Bong Counties		

Note: Case monitoring for the eight cases marked with an asterisk is included in the Q3 FY26 Omnibus Report.

TABLE 1



Community members attend a meeting organized by the Movement for the Defence of the Territories and Ecosystems of Bocas del Toro (MODETEAB), a local organization, during a CAO monitoring mission in Panama. The case concerns an energy transmission line project and its impacts on Indigenous Peoples' rights, livelihoods, and land. (Photo: CAO/Raquel Gómez, 2023)

KEY LESSONS LEARNED

from Monitoring Management Action Plans

> Management Action Plan implementation is arguably the most consequential phase of a CAO compliance case, as it determines whether the compliance process results in tangible improvements for project-affected people. Robust monitoring by CAO is therefore essential not only for accountability, but also for ensuring that commitments made in response to compliance findings are effectively implemented and contribute to remedy on the ground.



— Gabriela Stocks
Head of Compliance

Since FY22, CAO has monitored the implementation of 10 Management Action Plans (MAPs) approved under the CAO Policy, covering 40 corrective actions implemented by IFC/MIGA: 22 at the project level and 18 at the systemic level. Developed by IFC in response to findings and recommendations from CAO compliance investigations, MAPs are independently monitored by CAO after approval by the Board. CAO assesses not only whether actions have been completed but also whether they have effectively addressed the underlying non-compliance findings and any related harm.

Over the past five years, four cases completed CAO compliance monitoring: Egypt: Alex Dev LT-02,03; Egypt: Alex Dev LTD-01; Nigeria: Eleme Fertilizer II-01; and South Africa: Lonmin-02. These cases raised issues including labor rights, stakeholder engagement and access to information, pollution, and community health impacts. Actions taken in responses include labor-related training programs, workshops, and independent reviews of company grievance mechanisms. At the systemic level, IFC strengthened guidance and internal controls related to the costing of Environmental and Social Action Plans and demonstrated that these improvements had been incorporated into project practice.

At the same time, five years of monitoring have generated important lessons about the different challenges associated with implementing project-level and systemic-level commitments. Data show that 87.5 percent of systemic-level commitments included in MAPs were effectively implemented by IFC/MIGA, compared with 35 percent of project-level commitments (refer to Monitoring and Evaluation section, page 44, table 2). This suggests that while IFC/MIGA have generally been successful in implementing organization-wide improvements, achieving and demonstrating effective outcomes at the project level is often more complex.

The Rizal Commercial Banking Corporation (RCBC)-01 (Philippines) case illustrates this challenge. The complaint concerned impacts associated with ten coal-fired power plants financed through an IFC financial intermediary client, including concerns about air quality, health, and livelihoods. IFC implemented a committed MAP action by conducting environmental and social assessments of each power plant as required. However, these assessments did not result in improvements for affected communities, leaving community concerns and impacts unresolved. The case demonstrates that implementing a corrective action is not always sufficient to address the underlying issues identified through a compliance investigation. It also underscores the importance of ensuring that corrective actions lead to tangible outcomes for affected people and, where necessary, adjusting course when evidence shows that desired results have not been achieved.

CAO's monitoring experience also highlights an important distinction between implementation and effectiveness. While MAP actions are often completed as planned, completion alone does not necessarily mean that non-compliance findings or related harm have been addressed. CAO has observed an "effectiveness gap" in a number of cases, where actions were implemented but additional evidence, further implementation, or course corrections were needed before effectiveness could be demonstrated.

To better understand progress and focus oversight on areas where challenges remain, CAO monitors actions individually rather than assessing progress solely at the case level. This action-level approach allows CAO to close monitoring for actions that have demonstrated effectiveness while continuing to monitor actions where evidence of results is still emerging. As a result, a single case may contain both closed and open actions, providing a more accurate picture of progress while ensuring continued oversight where effectiveness gaps remain.

Overall, five years of monitoring demonstrate both meaningful progress and the continuing importance of ensuring that corrective actions translate into tangible improvements for affected people and communities.

ADVISORY

Applying Lessons Where They Matter Most

CAO's Advisory function transforms learning from case experience into practical recommendations for institutional E&S improvement. Drawing on insights from more than 25 years of dispute resolution and compliance work, the Advisory team analyzes patterns across cases, benchmarks them against international good practice to identify systemic issues and emerging risks, and advises IFC and MIGA on ways to strengthen their environmental and social standards, due diligence, and project oversight. CAO Advisory's goal is to help prevent harm, improve outcomes for project-affected communities, and enhance the environmental and social performance of IFC and MIGA-supported investments.

In FY26, Advisory work focused on generating practical lessons from years of case experience through two major Insight Series publications: *Leveraging IFC's Influence to Enhance Environmental and Social Outcomes*; and *Labor and Working Conditions: Insights from CAO Cases*. Together, these Advisory Notes draw on information from CAO's work, interviews with IFC and MIGA staff, reviews of international good practice, benchmarking against other international finance and multilateral development institutions, and lessons from CAO complaints and compliance investigations to identify opportunities for systemic environmental and social improvement and harm prevention.

Five Key Insights from FY26 Advisory Work

1 MORE ROBUST DUE DILIGENCE CREATES STRONGER LEVERAGE AND BETTER E&S PERFORMANCE.

The leverage analysis revealed that IFC's ability to influence client behavior later in the project cycle often depends on decisions made before an investment is approved. The report highlighted opportunities to strengthen Environmental and Social Action Plans, better assess client capacity, and tighten the implementation of due diligence procedures to achieve robust E&S due diligence and supervision that is fit for purpose and narrows the leverage deficit. Similarly, the labor analysis found that labor-related risk management challenges stem less from the absence of due diligence tools than from their inconsistent application, integration, and documentation. For instance, the analysis found that labor risks are not always identified early enough and recommended more systematic screening of contextual labor risks and greater use of labor-specific assessments, particularly for higher-risk projects.

2 IFC'S EXISTING LEVERAGE IS NOT ALWAYS USED TO ITS FULL POTENTIAL.

The leverage analysis identified multiple instances where IFC had contractual or financial leverage available but did not consistently exercise it when environmental and social commitments were delayed or unmet. For example, the analysis found cases where funds were fully disbursed even when key environmental and social actions had not been completed, reducing IFC's ability to influence client performance later in the investment cycle. The Note recommends more consistent use of existing leverage tools and the development of additional mechanisms to support improved outcomes and remedial action when harm occurs.

Foundational Elements of Leverage



Source: CAO Advisory Note, *Leveraging IFC's Influence to Enhance Environmental and Social Outcomes*

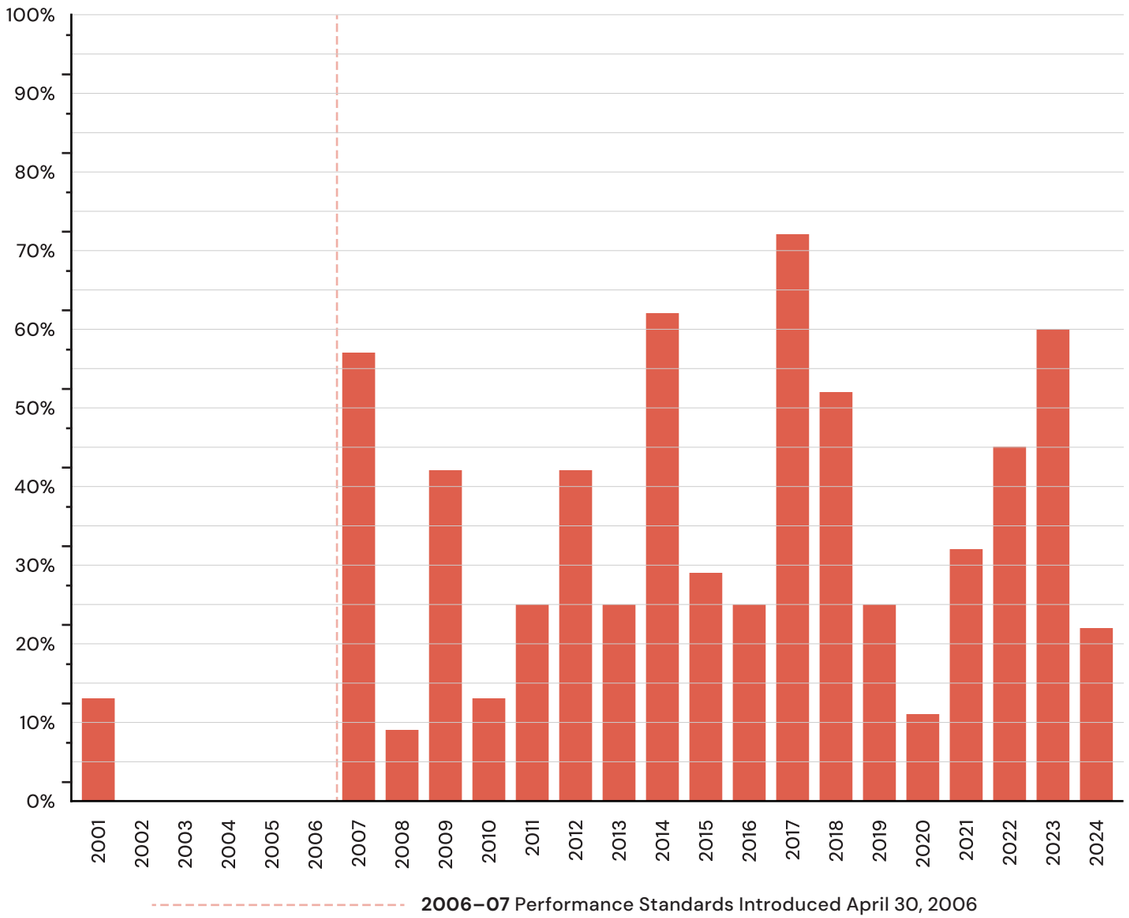
FIGURE 9

3 LABOR-RELATED CONCERNS REMAIN A RECURRING CHALLENGE ACROSS CAO'S CASELOAD.

Drawing on labor-related complaints and compliance investigations, the labor Advisory Note identified recurring issues in three areas: wages and terms of employment; freedom of association and collective bargaining; and worker grievance mechanisms. The Advisory Note found common challenges related to the identification of labor risks, the quality and implementation of labor-related action plans, the effectiveness of worker grievance systems, and the management of retaliation and intimidation risks. These findings point to opportunities to strengthen both IFC's Performance Standard 2: Labor and Working Conditions and its implementation in practice.

Share of Labor Complaints in CAO's Caseload

Figure reproduced from the labor report.



Labor complaints have been a significant portion of CAO's caseload since the Performance Standards were introduced, averaging about 30 percent.

Source: CAO Advisory Note, *Labor and Working Conditions: Insights from CAO Cases*.

FIGURE 10

4 ROBUST IFC SUPERVISION AND MONITORING ARE ESSENTIAL AFTER PROJECT APPROVAL.

Both Advisory Notes emphasize that environmental, social, and labor risks often emerge or evolve long after an investment is made. The leverage Note highlights situations where IFC's influence diminished precisely when communities were experiencing impacts and corrective action was needed. The labor Note similarly found that tightened supervision practices were needed, including more detailed labor-related corrective action plans when impacts emerge, improved monitoring of labor conditions, more strategic site visits, and clearer escalation pathways when risks are identified.

5 INSTITUTIONAL CHANGE REQUIRES STRONGER SYSTEMS, EXPERTISE, AND ACCOUNTABILITY.

Across both publications, a consistent message emerged: stronger outcomes require not only robust standards but also the systems and expertise needed to implement them effectively. The leverage Advisory Note recommended formalizing how leverage is assessed and discussed throughout the investment process, expanding IFC's leverage toolbox, and strengthening internal controls and incentives. The labor Advisory Note called for greater use of labor specialists, enhanced staff guidance and training, stronger client capacity-building, and updates to Performance Standard 2 to reflect evolving International Labour Organization (ILO) standards and emerging workplace challenges globally.

Additional FY26 Advisory Work Areas

In addition to its FY26 publications on leverage and labor and working conditions, CAO's Advisory team is expanding its analysis to other strategic issues that are critical to effective environmental and social risk management. Workstreams include the application of IFC's Performance Standards in financial intermediary investments and environmental and social performance in equity investments. CAO is examining how IFC's Performance Standards can be applied more effectively in lending to financial intermediaries, with a particular focus on the role of ringfencing and use-of-proceeds approaches in managing environmental and social risks. Building on a baseline assessment, expert consultations, and collaboration with IFC, this work seeks to identify practical solutions to strengthen accountability, clarify environmental and social responsibilities, and improve risk management across IFC's FI portfolio.

CAO is also assessing environmental and social performance in equity investments as IFC continues to expand its equity portfolio. The work explores how factors such as leverage, client capacity, and client commitment influence environmental and social outcomes in equity operations. Findings from this analysis are expected to inform future recommendations on how IFC can strengthen its approach to identifying, managing, and mitigating environmental and social risks in equity investments.

Together, these emerging workstreams reflect CAO's ongoing commitment to generating evidence-based insights that help IFC and MIGA address evolving challenges, strengthen implementation of the Sustainability Framework, and improve development outcomes for affected communities and workers.

JOB INVESTMENT that Works

> Decent work is not just a development outcome; it is the foundation of sustainable private sector growth. This makes CAO's case experience with labor and working conditions especially relevant to IFC's and MIGA's institutional learning and improvement.



— Irum Ahsan
Head of CAO Advisory

Creating more jobs matters. So does the quality of those jobs. As the World Bank Group advances its jobs agenda, IFC's and MIGA's investments have an important role to play not only in generating private sector employment, but also in supporting safe, fair, and decent working conditions.

Labor and working conditions are central to IFC's mandate and to development outcomes. How firms treat workers affects productivity, competitiveness, and shared prosperity. IFC's Performance Standard 2: Labor and Working Conditions, recognizes that economic growth through employment creation and income generation should be accompanied by protection of workers' fundamental rights, which are also key to a project's success. Its requirements are guided in part by international conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations (UN).

CAO's Advisory Note, *Labor and Working Conditions: Insights from CAO Cases*, examines lessons from labor-related complaints to assess how IFC, MIGA, and their clients can strengthen the implementation and application of Performance Standard 2. The Note focuses on three areas: wages, contracts, and terms of employment; freedom of association; and workers' grievance mechanisms.

The Note analyzes 59 labor-related CAO complaints connected to 33 IFC projects from FY2013 through FY2024, including an in-depth review of 12 compliance investigations linked to 10 projects. It complements this analysis with a review of IFC project documentation; interviews with IFC and MIGA environmental and social staff; a comparison of Performance Standard 2 with peer multilateral development bank (MDB) frameworks and ILO standards; and a review of emerging labor issues. Labor complaints accounted for 39 percent of all CAO-eligible complaints during this period, and concerns related to wages, contracts, and terms of employment appeared in more than 80 percent of labor cases.

The benchmarking analysis identifies gaps and opportunities. While Performance Standard 2 establishes high-level principles, the Note finds that it is less detailed and prescriptive in the three areas assessed than many peer MDB frameworks and ILO standards. Important protections—including wage protections, limits on working hours, and termination safeguards—are absent or not explicitly required, while some operational details are contained in IFC's nonbinding Guidance Note.

Closer alignment with peer institutions and international standards presents one opportunity. The Note also identifies areas where IFC could go further, including establishing clearer termination safeguards, explicitly prohibiting threats and reprisals, strengthening protections for freedom of association, and requiring workers' grievance mechanisms to be safe, credible, and effective. Taken together, these changes could strengthen Performance Standard 2 as a leading global standard.

Standards are only part of the picture. CAO's review of implementation found that IFC has a broad set of due diligence and supervision tools, but their application has been uneven. Challenges included inconsistent labor-risk identification throughout the project life cycle; limited verification of client-provided information; inconsistent workforce engagement; infrequent use of labor assessments and audits; and mitigation and monitoring tools that sometimes lacked sufficient specificity or follow through.

The timing is significant. IFC's update of its Sustainability Framework provides an opportunity to strengthen labor standards, processes, and procedures. The Note organizes its recommendations around four priorities: update and modernize Performance Standard 2; strengthen labor-risk identification during due diligence; enhance labor-risk mitigation and supervision; and bolster IFC's labor expertise and client capacity.

OUTREACH

CAO works with civil society organizations and other independent accountability mechanisms to explain its mandate, share lessons from its work, and help more people understand when and how they can use its services.

In FY26, CAO further expanded its outreach to civil society organizations, mediators, and accountability practitioners. Regional workshops, peer exchanges, and focused discussions gave participants practical information on how project-affected communities can obtain information, raise concerns, and take part in accountability processes..

IAMnet: Turning Shared Experience into Action

From October 6–9, 2025, CAO co-hosted the 22nd Annual Meeting of the Independent Accountability Mechanisms Network in Bridgetown, Barbados in partnership with the Caribbean Development Bank's Office of Integrity, Compliance and Accountability, and the Independent Consultation and Investigation Mechanism (MICI) of the Inter-American Development Bank, with support from the IAMnet Secretariat, hosted by the Asian Development Bank's Accountability Mechanism. The meeting brought together more than 120 accountability leaders and civil society representatives from around the world.

- Over four days, participants discussed changes in the accountability landscape, policy reviews, threats and reprisals, climate-related projects, and the use of data and technology.
- Case discussions offered practical lessons and identified areas where accountability mechanisms could work more closely together.
- A dedicated civil society roundtable brought together more than 20 representatives to discuss global developments, outcomes for communities, and ways to respond more effectively to concerns raised by people affected by development projects.

CAO co-hosted the 22nd Annual Meeting of the Independent Accountability Mechanisms (IAM) Network in Bridgetown, Barbados, in partnership with the CDB-Office of Integrity, and IDB-MICI, with support from the IAMnet Secretariat hosted by the ADB-AM. (Photo: CAO/Andrew Browne, 2025)





A two-day workshop in Panama City, Panama, co-organized by the World Bank Inspection Panel and Dispute Resolution Service, and CAO. The event brought together 25 participants from 18 civil society organizations across Latin America. (Photo: DRS/Oriana Bolvaran, 2026)

Connecting Communities to Accountability

Panama City, Panama | May 28–29, 2026

CAO joined the World Bank Dispute Resolution Service and Inspection Panel for a two-day workshop on the role of civil society organizations in World Bank Group accountability. The workshop brought together 25 participants from 18 organizations across 5 Latin American and Caribbean countries. Discussions focused on how civil society can help communities understand their options, raise concerns, and take part in accountability processes.

Zagreb, Croatia | June 8, 2026

CAO took part in a regional information session held during a broader workshop organized by the European Investment Bank Complaints Mechanism and the World Bank Dispute Resolution Service. About 25 civil society representatives, mediators, and accountability practitioners joined briefings on the mechanisms' mandates, question-and-answer sessions, practical exercises, and peer exchange.

Almaty, Kazakhstan | Early FY27

In September 2026, CAO will convene a regional outreach workshop in Almaty, Kazakhstan, alongside peer independent accountability mechanisms and civil society partners to strengthen awareness of accountability options for project-affected communities across Central Asia. The workshop will provide practical training on how accountability mechanisms work, how communities can access dispute resolution and compliance review processes, and how civil society organizations can help people raise concerns and seek redress when development projects cause harm. The event was originally planned for FY26 but was postponed due to extenuating factors.

Engaging with Civil Society

CAO also continued its regular dialogue with civil society, hosting more than five roundtables during FY26. Each brought together between ten and thirty organizations. Two sessions covered broader accountability issues, while three focused on CAO's Advisory, Dispute Resolution, and Compliance functions.

At the October 2025 Civil Society Policy Forum, held alongside the WBG–IMF Annual Meetings, CAO joined discussions on the future of accountability across the World Bank Group. Participants considered how accountability mechanisms could be easier to navigate and work more coherently while preserving their independence. The discussion also reinforced a basic lesson from CAO's outreach: people are more likely to trust and use accountability mechanisms when information is clear and easy to find.

CAO regularly engages with civil society organizations to gather feedback on its work and exchange perspectives and experiences on accountability issues. (Photo: CAO/Andres Pulgar Perich, 2025)



CAO co-hosted the session "Rethinking Stakeholder Engagement from an Accountability Lens" at the IAIA 2026 Conference in Québec City, Canada. The session explored approaches to strengthening stakeholder engagement through accountability-focused practices. (Photo: CAO/Andres Pulgar Perich, 2026)

Learning and Sharing Across the Impact Assessment Community

At the International Association for Impact Assessment (IAIA) 2026 Conference, CAO partnered with the World Bank's Dispute Resolution Service and Inspection Panel to engage more than 60 impact assessment practitioners, civil society representatives, private sector professionals, and development institutions in a discussion on stakeholder engagement. Through a hands-on workshop, participants explored practical approaches to building trust, improving transparency, and ensuring that project-affected communities can meaningfully participate in decisions that affect their lives. For CAO, the Dispute Resolution Service, and the Inspection Panel, engaging with this community provides an important opportunity to share lessons from complaints and accountability processes with professionals who help design, assess, and oversee development projects. It also creates a space to learn from emerging practices and diverse perspectives across the impact assessment field, helping strengthen efforts to improve environmental and social outcomes for project-affected people.

Strengthening Awareness of Accountability at IFC and MIGA

In FY26, CAO continued to engage with IFC and MIGA staff to strengthen understanding of environmental and social accountability, including through IFC's Risk and Sustainability Learning Program, which brings together managers, investment staff, and sustainability professionals. Drawing on practical case examples, CAO shared lessons on accountability mechanisms, stakeholder engagement, and approaches for addressing environmental and social grievances. CAO also continued its internal staff learning program with IFC and MIGA and hosted its first MIGA-focused session on strengthening client environmental and social capacity, bringing together 57 participants to discuss how capacity building can contribute to better project outcomes.

MONITORING & EVALUATION

Measuring CAO's Effectiveness

CAO's monitoring and evaluation (M&E) framework measures performance across three dimensions: productivity, efficiency, and effectiveness. The five effectiveness indicators evaluate the extent to which CAO is achieving its mandate of facilitating access to remedy for project-affected people and enhancing the environmental and social performance of IFC and MIGA.

The effectiveness indicators are organized around five expected outcomes (refer to table 2):

1. Effective resolution of complaints
2. Fair, objective, and constructive resolution of complaints
3. Improved environmental and social performance
4. Enhanced accountability
5. Improved accessibility.

Beginning in FY26, CAO adopted a cumulative reporting approach for selected effectiveness indicators, combining survey results across all fiscal years since the implementation of the current CAO Policy. This approach strengthens the reliability of the findings by drawing on a larger body of evidence and helping to address the limitations associated with small annual sample sizes.

CAO draws on multiple sources of information to assess its effectiveness and measure progress against the CAO mandate:

- Case tracking data from our case management system and other analysis of case-related documents, such as compliance investigation and monitoring reports and IFC/MIGA Management Action Plans.
- Annual Stakeholder Survey of IFC/MIGA, civil society organizations, and staff of other independent accountability mechanisms.
- Case-handling surveys at the end of each phase of a complaint, completed by parties of a case (refer to Understanding the CAO Process, pp. 6–7).

Together, these sources provide a broader understanding of stakeholder experiences, perceptions of our performance, and progress toward achieving intended outcomes.

FY26 Annual Stakeholder Survey Feedback

To complement information collected through casework, CAO conducts an annual stakeholder survey that gathers perspectives from both internal and external stakeholders, IFC and MIGA management and staff, civil society representatives, and representatives of other independent accountability mechanisms.

Results from this year's Stakeholder Survey indicate strong perceptions of CAO's effectiveness across all three elements of the CAO mandate in FY26. Approximately two-thirds of respondents agreed or strongly agreed that CAO enhances the environmental and social outcomes of IFC and MIGA projects (67 percent, up from 49 percent in FY25); fosters public accountability and learning (67 percent, up from 49 percent); and facilitates the fair, objective, and constructive resolution of complaints (62 percent, up from 40 percent).

Perceptions of CAO's adherence to its core principles also improved across all dimensions from FY25. Accessibility received the highest rating, with 81 percent of respondents agreeing or strongly agreeing that CAO operates in an accessible manner, followed by transparency (74 percent) and responsiveness (69 percent). Predictability received the lowest rating, although half of respondents (50 percent) agreed or strongly agreed that CAO performs well in this area.

Effectiveness Results, FY22–FY26

1. EFFECTIVE RESOLUTION OF COMPLAINTS	
a. Surveyed complainants and IFC/MIGA clients satisfied with the outcomes of CAO dispute resolution process.	**3.8/5**
b. Percentage of CAO project-level and systemic-level recommendations adopted in Management Action Plans (MAP), including CAO recommendations implemented by IFC/MIGA prior to the MAP.	**75%**
c. Percentage of commitments included in the MAP (project-level actions) that were effectively implemented by IFC/MIGA.	**35%**[a]
d. Surveyed complainants and IFC/MIGA clients' satisfaction that the CAO assessment and dispute resolution reports effectively reflect input from the parties and are clearly written.	**4/5**
e. Surveyed complainants and IFC/MIGA clients' satisfaction with the clarity of CAO appraisal, investigation, and monitoring reports and supported by reasoning and information.	**3.1/5**
f. Surveyed complainants and other stakeholders' perception of the timely resolution of assessment and dispute resolution processes.	**3.8/5**
g. Surveyed complainants and other stakeholders' perception of the timely resolution of each compliance phase.	**2.6/5**
h. Surveyed complainants and IFC/MIGA staff on the extent to which remedial actions recommended by CAO in compliance handling are satisfactory.	**3.3/5**
2. FAIR, OBJECTIVE, AND CONSTRUCTIVE RESOLUTION OF COMPLAINTS: FOCUSED ON PROCESS	
a. Surveyed complainants and IFC/MIGA clients' reflection on the extent to which the CAO process is trusted to be impartial, fair, objective, constructive, and capable.	**3.7/5**
b. Surveyed complainants and IFC/MIGA clients' reflection on the extent to which CAO staff and processes promote fair, equitable, and respectful treatment, with safeguard measures to address the risks of threats and reprisals; access barriers; and the special situations of women, children, persons with disabilities, Indigenous Peoples, and other population groups.	**3.7/5**
c. Surveyed complainants and IFC/MIGA clients' reflection on the extent to which CAO keeps information about cases readily available online, maintains a regular flow of information to complainants and other stakeholders, is clear and responsive in providing information, and provides relevant stakeholders with meaningful opportunities to participate.	**3.6/5**
3. IMPROVED ENVIRONMENTAL AND SOCIAL (E&S) LEARNING	
a. Number of IFC/MIGA staff who perceive opportunities for changes to IFC/MIGA E&S due diligence and supervision at the project and system levels.	**14 survey respondents**
b. Percentage of commitments included in the MAP (systemic-level actions) that were effectively implemented by IFC/MIGA.	**87.5%**[b]
c. Stakeholders surveyed perceive CAO Advisory as effective in improving systemic E&S performance and reducing harm.	**4.4/5**
4. ENHANCED ACCOUNTABILITY	
a. Number of IFC/MIGA Board decisions related to CAO's casework.	**7**
5. IMPROVED ACCESSIBILITY	
a. Extent to which surveyed stakeholders understand the role of CAO as an independent accountability mechanism.	**3.9/5**

TABLE 2

Note: Survey results were collected on a 5-point scale, with 1 reflecting the lowest level of satisfaction and/or agreement with the statement and 5 reflecting the highest level.

[a] This includes CAO monitoring ratings for all cases to be monitored under the CAO Policy for which actions are rated as "Effective" (or "Satisfactory" under the previous Compliance rating methodology). An additional 25 percent of project-level actions are rated "Partially Effective" (or "Partly Unsatisfactory"). An additional 2 project-level actions rated "Not Yet Evaluable" are excluded from these calculations.

[b] This includes CAO monitoring ratings for all cases to be monitored under the CAO Policy for which actions are rated as "Effective" (or "Satisfactory" under the previous Compliance rating methodology). An additional 13.5 percent of project-level actions are rated "Partially Effective" (or "Partly Unsatisfactory"). An additional 2 systemic-level actions rated "Not Evaluable" and 8 are "Not Yet Evaluable" are excluded from these calculations.

Financials & Funding

Our administrative budget covers the costs of staff salaries, consultants, travel, communications, contractual services, and administrative expenses. The administrative budget is approved by the IFC and MIGA Boards and includes contributions from IFC and MIGA.

CAO Administrative Budget, FY23–FY26

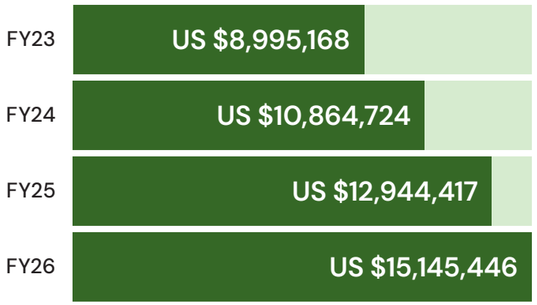


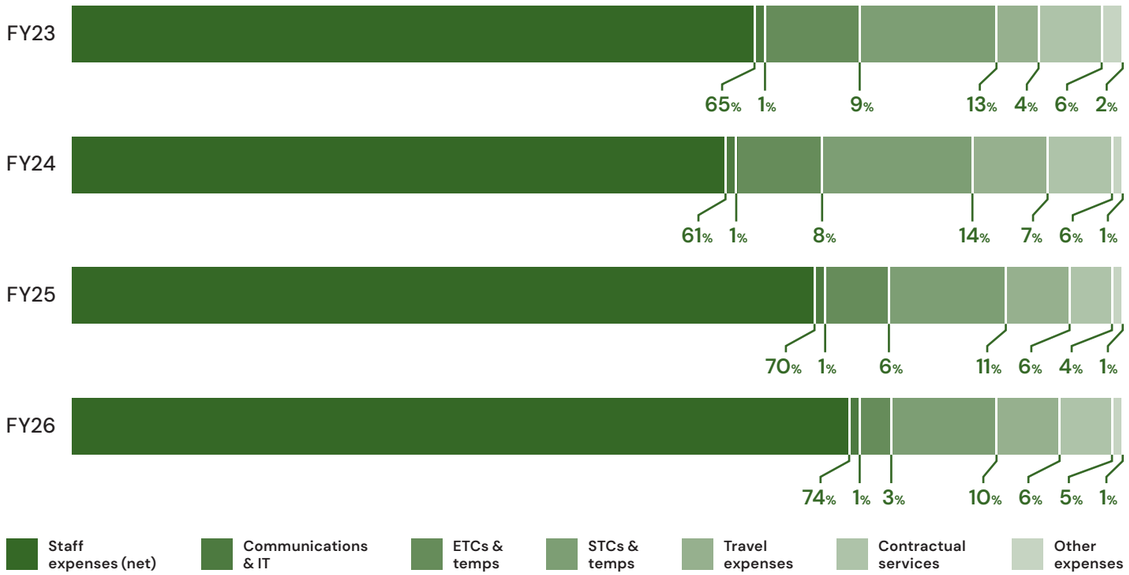
FIGURE 11

CAO Budget Execution Trends, FY23–FY26



FIGURE 12

Budget Execution Trend by Category, FY23–FY26



Note: ETC: Extended-Term Consultants; IT: information technology; STC: Short-Term Consultants.

FIGURE 13

Meet the Team

At the end of FY26, the team comprised 44 full-time equivalents (FTEs), including 41 staff and 3 extended-term consultants, representing a 5 percent increase from FY25. This growth reflects our continued investment in the expertise and capacity needed to deliver our mandate effectively. Women represented 70 percent of our workforce. Our team's regional composition remained broadly consistent with previous years, with staff from North America accounting for 23 percent of the workforce, followed by South America at 18 percent and East Asia at 11 percent. These diverse regional perspectives strengthen our ability to engage effectively with stakeholders and respond to issues across a wide range of countries and contexts.

CAO Staff by Region

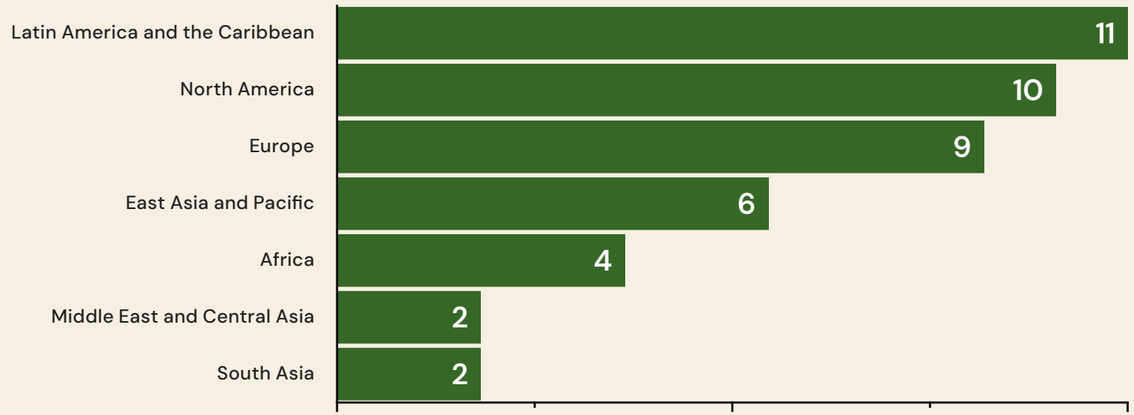


FIGURE 14

The CAO team as of November 2025. (Photo: CAO/Andres Pulgar Perich, 2025)



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Salt Production in the Port of Lomé, Togo
(Rodrig Mbock/CAO, 2025)

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Community Member in Sangarédi, Guinea
(Rodrig Mbock/CAO, 2025)

Bottom right:
Water Borehole Installed for Community Members in Sangarédi, Guinea
(Rodrig Mbock/CAO, 2025)

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