



OMBUDSMAN ASSESSMENT REPORT

Regarding Community and Civil Society concerns in relation to
IFC's Mindoro Resources project (#26987)

May 2012

*Office of the Compliance Advisor / Ombudsman
International Finance Corporation
Multilateral Investment Guarantee Agency*
www.cao-ombudsman.org

TABLE OF CONTENTS

LIST OF ACRONYMS 3

INTRODUCTION..... 4

1. THE COMPLAINT 5

2. THE PROJECT 6

3. CONTEXTUAL BACKGROUND 8

4. CAO ASSESSMENT 9

 4.1 METHODOLOGY 9

 4.2 ASSESSMENT FINDINGS.....10

 4.2.1 SUMMARY OF CONCERNS AND PERSPECIVES10

5. CONCLUSIONS AND NEXT STEPS.....14

LIST OF ACRONYMS

ATM	Alyansa Tigil Mina
CAO	Compliance Advisor Ombudsman
CADT	Certificate of Ancestral Domain Title
DENR	Department of Environment and Natural Resources
EP	Exploration Permit
EPA	Exploration Permit Application
ESRS	Environmental and Social Review Summary
FPIC	Free Prior and Informed Consent
IFC	International Finance Corporation
IP	Indigenous Peoples
MIGA	Multilateral Investment Guarantee Agency
MOA	Memorandum of Agreement
MRL	Mindoro Resources Limited
NCIP	National Commission on Indigenous Peoples
SPI	Summary of Proposed Investment

INTRODUCTION

The Office of the Compliance Advisor Ombudsman (CAO) is the independent recourse mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group. The CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA supported projects in a manner that is fair, objective, and constructive and to enhance the social and environmental outcomes of those projects.

The CAO assessment is conducted by CAO's Ombudsman function. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the complainant(s); (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand and determine whether a collaborative solution is possible through a process facilitated by CAO's Ombudsman, or whether the case should be transferred to CAO Compliance for review.

This report describes/summarizes the assessment carried out by the CAO Ombudsman between December 5-9, 2011 and a follow up visit on February 23, 2012. It begins with a general introduction on the workings of the CAO, provides an overview of the complaint along with a description of the IFC project and some background information. The report closes with an overall assessment of the situation and stakeholder perceptions of the key issues, along with explanation of next steps within the CAO process. This document is a record of the views heard by the CAO team. *This report does not make any judgment on the merits of the complaint and the issues therein.*

As per CAO's Operational Guidelines¹, the following steps will normally be followed in response to a complaint that is received:

- Step 1: **Acknowledgement** of receipt of the complaint
- Step 2: **Eligibility:** Determination of the complaint's eligibility for assessment under the mandate of the CAO (no more than 15 working days).
- Step 3: **Ombudsman assessment:** Assessment of the issues and provide support to stakeholders in understanding and determining whether a collaborative solution is possible through a facilitated process by CAO Ombudsman, or whether the case should be transferred to CAO Compliance for appraisal of IFC's/MIGA's social and environmental performance. The assessment time can take up to a maximum of 120 working days.
- Step 4: **Facilitating settlement:** If the CAO Ombudsman process continues, this phase involves initiation of a dispute resolution process (typically based or initiated by a Memorandum of Understanding and/or mutually agreed upon ground rules between the parties) through facilitation/mediation, joint fact-finding, or other agreed resolution process, leading to a settlement agreement or other mutually agreed and appropriate goal. The major objective of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the problem-solving process, in a way that is acceptable to the parties affected².

¹ For more details on the role and work of the CAO, please refer to the full Operational Guidelines: <http://www.cao-ombudsman.org/about/whoweare/index.html>

² Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, the CAO Ombudsman will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the CAO Ombudsman will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Ombudsman has closed the complaint and transferred it to CAO Compliance for appraisal.

OR

Compliance Appraisal/Audit: If complainants decide that a compliance review be conducted instead, CAO Compliance will initiate an appraisal of IFC's/MIGA's social and environmental due diligence of the project in question to determine whether a compliance audit of IFC's/MIGA's intervention of the project is merited

Step 5: **Monitoring** and follow-up.

Step 6: **Conclusion/Case closure.**

Upon a careful review of the September 2011 complaint received from members of indigenous communities in Dinarawan and Bunga, and Alyansa Tigil Mina (ATM), the CAO determined that the complaint met its three complaint eligibility criteria on September 27, 2011:

1. The complaint pertains to a project that IFC/MIGA is participating in, or is actively considering.
2. The issues raised in the complaint pertain to the CAO's mandate to address environmental and social impacts of IFC/MIGA investments.
3. The complainant (or those whom the complainant has authority to represent) may be affected if the social and/or environmental impacts raised in the complaint occurred.

Subsequently, according to CAO's Operational Guidelines, the CAO Ombudsman began the assessment of the dispute and opportunities for resolving the issues in the complaint.

1. The Complaint

In early 2011, the CAO received notice from different sources that indigenous communities in the Philippines were interested in filing a complaint regarding a mining exploration company supported by IFC. Information regarding CAO's complaints process was provided to the interested parties, and in early 2011, through various channels, the office learned that a complaint had been drafted. The draft was initially released in the media in January 2011, and in September 2011 the CAO officially received a letter of complaint.

The complaint was lodged by members of indigenous communities in Dinarawan and Bunga and Alyansa Tigil Mina (ATM), a collective of NGOs and other civil society groups concerned about the social and environmental impacts of mining in the Philippines,³ with the support of Bank Information Center (BIC).⁴ The complaint raises concerns about the social and environmental impacts of MRL's exploration activities on two indigenous communities and the Free Prior and Informed Consent (FPIC) processes undertaken to date.

The complainants state, among other things, the following social and environmental concerns regarding Mindoro Resources Limited (MRL) operations:

- The violation of ancestral land and cultural heritage sites important to the Mamanwas.
- Pollution of water sources and a negative environmental impact that would affect Lake Mainit – an important site for biodiversity – as well as forests and wildlife.

³ The following local NGOs are active members of ATM, and supported the lodging of the complaint: Green Mindanao, the Philippine Association for Intercultural Development (PAFID), Philippine Development of Human Resources in Rural Areas - Mindanao (PhilDHRRA Mindanao), and AlterDev Services Foundation.

⁴ Bank Information Center (BIC) is an international NGO created to advocate for the protection of rights, transparency, public accountability and participation in the governance and operations of the World Bank and other regional development banks. .

- Loss of livelihood as a result of the environmental and operational impact of the exploration phase, as well as potential loss of livelihood during mining.
- Increased internal community conflict and divisions and, consequentially, deteriorating peace and security in the area.
- Process to obtain Free Prior and Informed Consent – as required by national legislation – was not obtained freely and appropriately prior to exploration activities.
- Lack of information disclosure regarding the project's activities in the area.
- The project is incorrectly categorized as an environmental category B project, where it should have been an A.

2. The Project

Mindoro Resources Ltd is a junior mining exploration company focused in the Philippines, and headquartered in Melbourne, Australia. It is listed on the Toronto Stock Exchange Venture (TSX-V) and subsequently on the Australian Securities Exchange (ASX), and also trades on the Frankfurt Stock Exchange. It has a market capitalization of approximately C\$31 million and its 252 million shares are held by Canadian, Australian and German retail investors about 52%; institutional shareholders and management hold about 45% and 3% respectively. Mindoro's current largest shareholders are IFC (9%), Asian Lion Fund (8%), an Australian resource investment fund and National Nominees Limited Trust 1 & 2 (16%), managed by Acorn Capital, an Australian specialist investment manager investing in microcap companies.

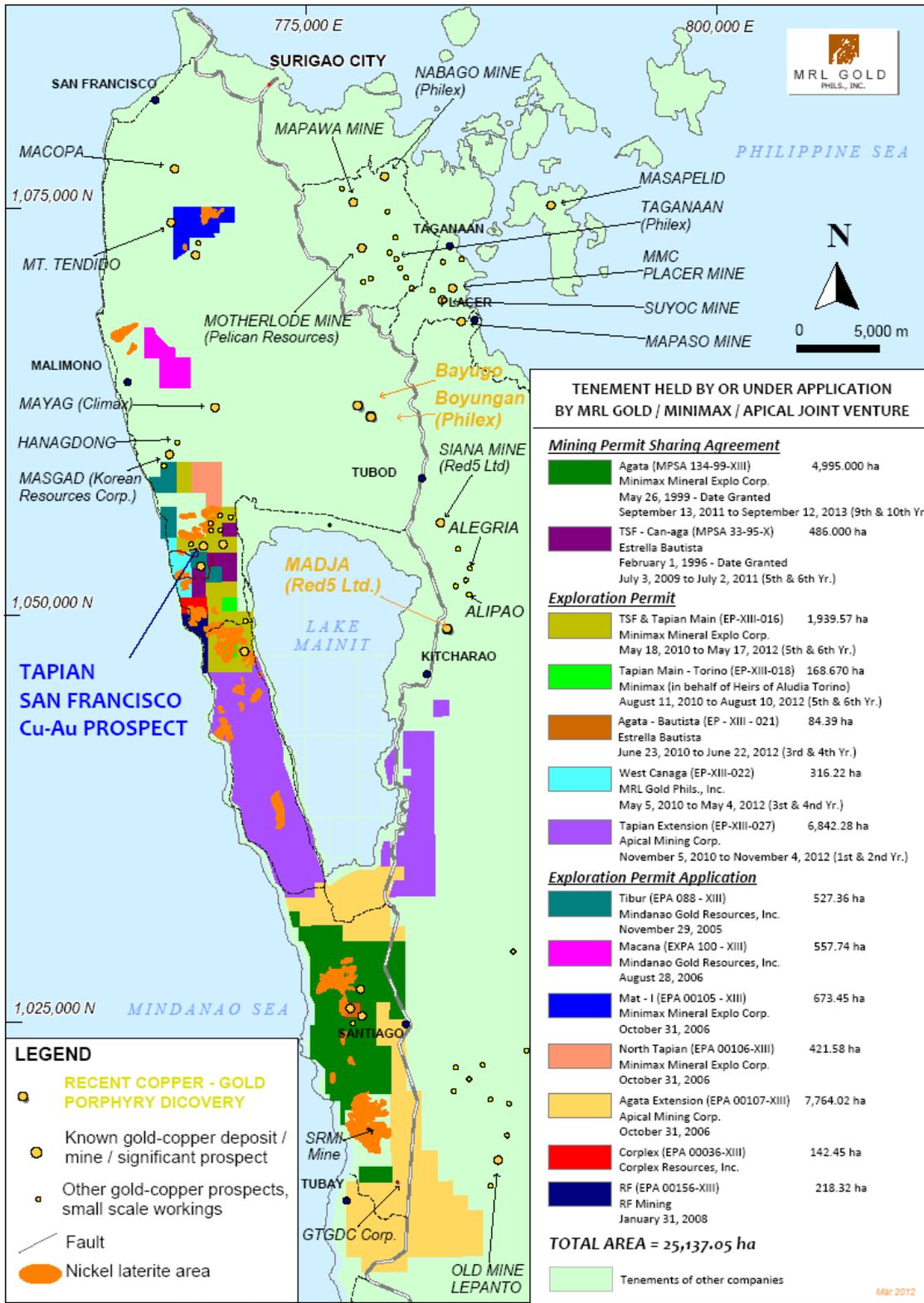
MRL has the objective of building a successful exploration and mining company in the Philippines with focus on nickel, copper and gold. Mindoro's primary asset is the 75% interest in the Agata nickel laterite deposit in the Agusan del Norte – Surigao del Norte Region, Northern Mindanao Island. Agata, including part of the Surigao regional targets, has a NI 43-101 compliant measured and indicated resource of 42.76 million tonnes at 1.01% nickel for 430,000 tonnes contained nickel. In addition, the total inferred resource is 2.435 million tonnes at 0.99% nickel. Mindoro also owns interests in gold, copper, and copper-gold prospects in the Surigao District, Batangas District on Luzon Island, and on Pan de Azucar Island.

IFC's equity investment (of up to C\$10 million) supports Mindoro's resource drilling, feasibility and other studies, and exploration activities for its nickel, copper and gold prospects. At the time of IFC's investment, the company's primary asset was the Agata nickel laterite deposit. After IFC made its equity investment, the company obtained an additional permit for the Tapian tenement, which includes the areas of Bunga and Dinarawan. The company's planned work within that tenement includes a drill program of under \$500,000.

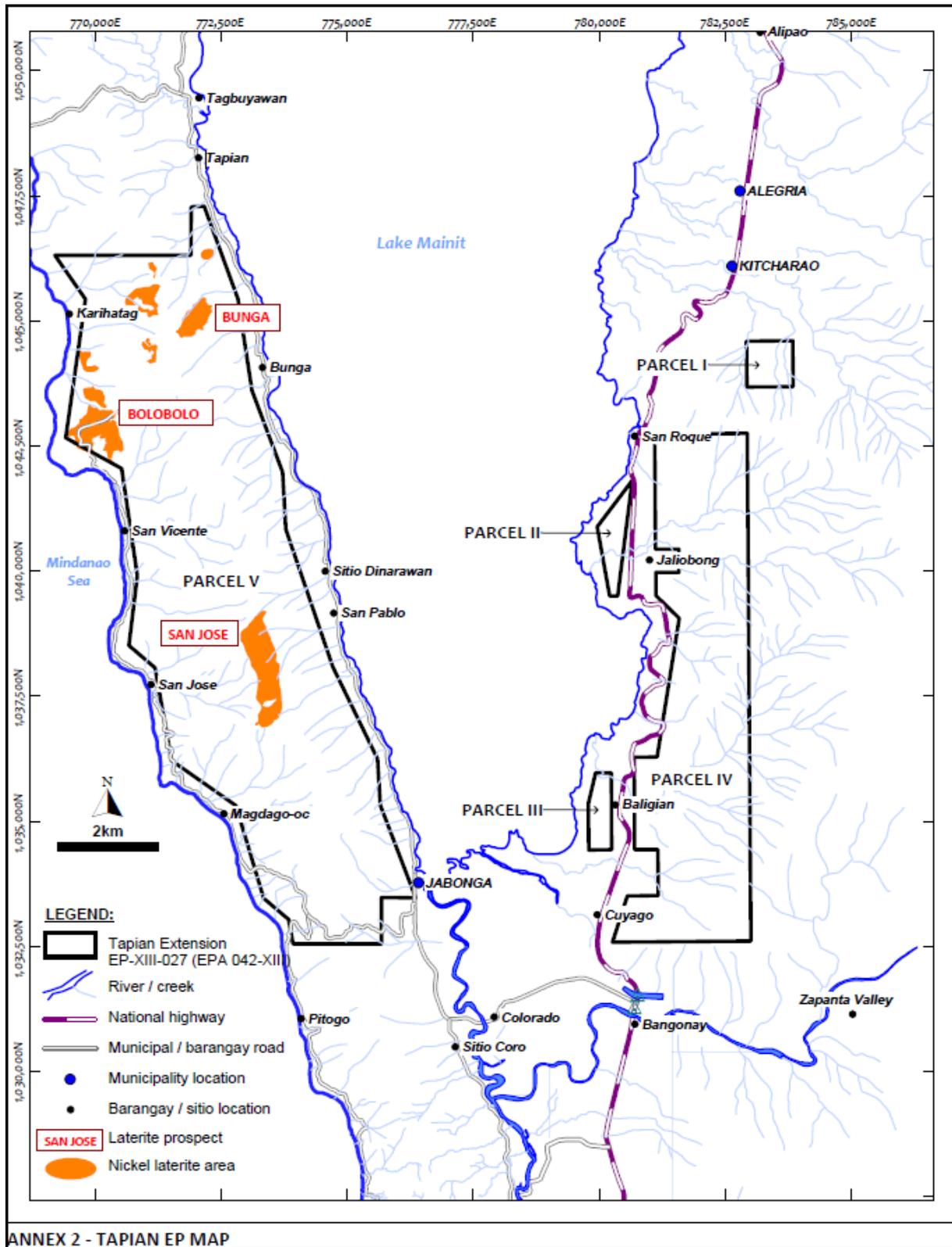
According to IFC's environmental and social review procedures the project is categorized as environmental category B. In 2008 IFC undertook an environmental and social review of the IFC project for which an ESRS and ESAP were publicly disclosed in September 2008. The project was not submitted to the IFC Board as exploration activities ceased due to the global financial crisis. In the first half of 2010, IFC undertook a second appraisal, and updated its public documentation regarding the project. The project was approved by the Board in July 2010.

The figures below illustrate the project location and tenements/applications⁵:

⁵ Maps provided by MRL. See also: http://www.mindoro.com/i/maps/surigao/surigao_Map2.jpg



Mindoro Resources Ltd. Sungao Tenement Map



ANNEX 2 - TAPIAN EP MAP

3. Contextual background

MRL was granted its first tenement for mining exploration in May 1999, covering the Agata Mineral Production Sharing Agreement (MPSA) site, the company's principal nickel laterite resource, close to the area of Santiago.

In October 2000, the company applied for an additional Exploration Permit that covered several areas north of the Agata MPSA and west and southeast of Lake Mainit, which was named the Tapan Extension. The Exploration Permit (EP) for the Tapan Extension was issued in November 2010 by the Mines and Geoscience Bureau and is in the early stages of evaluation. At the time of application, the area was divided in 5 parcels, and each underwent its local process for FPIC. The communities of Dinarawan and Bunga are located north of the Agata MPSA, in the Municipality of Jabonga, Agusan del Norte and their concerns relate to areas within the Tapan Extension tenement.

FPIC in the Philippines

The National Commission on Indigenous People (NCIP) is the agency in charge of implementing all Free Prior and Informed Consent (FPIC) processes as they relate to Indigenous People (IP) in the Philippines. Any entity looking to develop any resources has to obtain a certification precondition issued by the NCIP, which certifies that the site covered and affected by the permit application does not overlap with any IP ancestral domain area, or if it does, that the required FPIC was properly obtained from the IP community concerned.

Free and Prior Informed Consent, as defined by NCIP in its Administrative Order, No. 3, 2002 Series, is the consensus of all members of the IPs which is determined in accordance with their respective customary laws and practices that is free from any external manipulation, interference and coercion and obtained after fully disclosing the intent and scope of the project⁶.

4. CAO'S ASSESSMENT

4.1 Methodology

The purpose of the CAO assessment is to clarify the issues and concerns raised by the complainants, gather information on how other stakeholders perceive the situation, and help stakeholders understand and determine whether a collaborative solution is possible through a facilitated process by CAO's Ombudsman, or whether the case should be transferred to CAO Compliance for review. *The CAO Ombudsman does not gather information in order to make a judgment on the merits of the complaint.*

⁶ According to the NCIP Administrative order, No. 3, Series of 2002, the required steps in the FPIC process are as follows:

- 1) Notices are posted by NCIP informing the concerned IP community that a preliminary consultative meeting will be held, and the council of elders/leaders of the community are informed individually.
- 2) The elders/leaders are validated by the IP community in an NCIP-convened process.
- 3) A preliminary consultative meeting, convened and facilitated by NCIP, is conducted within the host community. The participants are the elders/leaders, the representatives from the project proponent, NCIP, and representatives from collaborating NGOs/CSOs operating in the concerned area. The proponent is given time to present and clarify their project proposal. The other representatives are given their turn in presenting their views to the proposal, including any opposition and the reasons for it. The necessity of further meetings is decided by the elders/leaders.
- 4) The elders/leaders conduct their own consultation meetings with their community employing their own traditional consensus building processes in order to discern further the merits and demerits of the proposal. During this period, nobody from the participants in the preliminary consultative meeting, except the NCIP representative, is allowed to stay in the community. NCIP's role in the community for the duration of the period is to document the community proceedings.
- 5) NCIP convenes an assembly of all community members as represented by heads of households. It is on this occasion that the decision of the IP with respect to the proposal is made known. NCIP determines by raising of hands the number of those who would vote for or against the proposal. The leaders/elders are required to explain the vote had, and if the decision is for the proposal, the terms and conditions of their consent. The decision is properly documented, and the terms and conditions approving the proposal are part of a Memorandum of Agreement (MOA) to be signed by both parties with NCIP signing as the third party.
- 6) The IP community finally issues the FPIC through their authorized representative(s) upon signing of the MOA. In case of rejection, the IP state in the document of rejection whether or not they shall entertain alternative proposals of similar nature. Any alternative proposal shall be subject to another FPIC of the IPs. However, no FPIC process shall be repeated once a particular proposal has already been rejected by the IP.

The CAO assessment of the Mindoro complaint consisted of:

- Review of project documents
- Interviews prior and during visit to the Philippines
- Meetings with the main parties and other relevant stakeholders

In the course of the field trip to the Philippines conducted by the CAO team in December 2011, the team reviewed IFC, Mindoro, and NGO files, project documents, and conducted interviews and group meetings with:

- Members of Dinarawan and Bunga, and local *datus*, who are represented in the complaint.
- Local, national and international NGO representatives that are supporting the complaint, including representatives from BIC, ATM, Green Mindanao, PAFID, PhilDHRRA, and AlterDev.
- Representatives of Mindoro's management as well as local personnel in Mindanao.
- Representatives from the Local Government Units, including the Provincial Governor, the Mayor and two Barangay Captains.
- A representative of the Department of Environment and Natural Resources (DENR).
- The regional representative of the National Commission on Indigenous Peoples (NCIP).

In addition, the CAO Ombudsman team conducted a follow-up visit in February 2012 with a wider set of community members from Dinarawan and Bunga who had requested a meeting with the CAO, and who were not represented in the complaint, as they support the project.

4.2 Assessment Findings

4.2.1 Summary of concerns and perspectives

Concerns expressed by community members and civil society organizations supporting the complaint

Overall, both the members of the communities who filed the complaint with the CAO and supportive civil society organizations share the following concerns regarding MRL's activities around Dinarawan and Bunga:

1. Consultation with the communities – The complainants believe that consultation with the communities of Bunga and Dinarawan did not happen early or substantively enough. They believe that the consultation that has taken place came too late and that it should have happened before any type of operation was started in the area of the communities. They also contend that the views and sentiments of community members expressed in the consultation that was conducted were not taken seriously, since in their view many community members expressed clearly their objection to exploration activities in the area. They state that exploration activities have occurred in their area, despite their lack of consent. They also contend that where consultations have taken place, the negative impacts of the project were not explained thoroughly to the communities.
2. FPIC Process – Among the complainants there is a general feeling of being ignored or disrespected in the FPIC process conducted by NCIP. They feel they have

communicated clearly their objection to mining in their communities, but believe this decision -as well as the principle of self-determination- has been ignored in the FPIC process. They now see almost any approach by the company to meet with them or provide more information as disrespectful. They question why after the FPIC process in 2008, in which FPIC was not granted in Dinarawan, there have been further FPIC processes, and whether the company has played a role in pushing for these processes, which from the perspective of the complainants, wear down the communities.

The complainants also listed several actions they believe the company took in the run-up and during the FPIC process, which they view as problematic. These actions include:

- undue pressure and influence on community leaders,
 - coming to agreements with individuals who were not legitimate community leaders,
 - attempts to create parallel leadership structures,
 - use of local government representatives to pressure the communities,
 - co-option of community leaders by promising them individual benefits,
 - use of illegitimate signatures to demonstrate community consent,
 - repeated consultations, information sessions, and FPIC processes that wear down the community, and burdens them in terms of time.
3. Divisions in the communities – The complainants believe that the entrance of MRL and its desire to embark on mining exploration has created deep divisions within the communities. They view some of the company’s interaction with the communities and its leadership and membership as being divisive in nature. The claimants believe that further engagement and consultation regarding MRL’s activities only makes these divisions sharper, and they state that the divisions have already caused breaks in family relations, and a certain level of violence to break out.
 4. Impact on ancestral lands and cultural heritage – From the point of view of the complainants, mining operations are not compatible with their traditional ways of life and the care and respect they have for lands they consider their ancestral domain. They expressed that mining exploration activities disturb land, water, stones and trees – which they perceive as sacred representations of their ancestors. Their first priority as a community is to protect their ancestral domain and their culture, not only for the cultural significance but also because the ancestral domain is their source of livelihood.
 5. Impact on environment – The complainants are concerned that exploration and any ensuing mining activities will disturb the communities’ environment and the surrounding areas. They are particularly concerned about any disturbance of Lake Mainit, the fishing stocks therein, the air, the trees and other forms of wildlife in their area. This is added to their view that some of these areas are protected areas and should be protected from mining activities in any form.
 6. Other routes to development – The community members expressed their objection to the view that mining is the only way for their communities to develop. They believe there are other avenues for meeting the needs of their communities, which may not necessarily be achieved through mining. The communities feel they have been pressured by many of the stakeholders involved in the FPIC process to accept mining as the path to development. They disagree with this view and rather, highlight that each community has a development plan with a development mission. They state they are content to work the land and raise their families in their traditional way.

7. Recognition of IP groups – The community members report instances in which local authorities have not recognized the communities as indigenous people and have not informed the company of the presence of indigenous peoples in some of their tenements. This has led to the communities feeling disrespected and ignored.

In addition, the community members expressed consternation at IFC's public project documentation, in the form of the June 2010 Summary of Public Information (SPI) and the Environmental and Social Review Summary (ESRS), stating that no IP community is physically or economically displaced or otherwise directly impacted by the exploration activities or by land access, and further stating that the Manobo and Mamanwa are physically distinct but no longer practicing their old customs and traditional religion⁷. The community members that filed the complaint felt disrespected and ignored by these statements in IFC's public project documentation.

Concerns expressed by MRL

During the meetings held with MRL representatives, they explained the nature of their exploration activities, as well as the licenses, permits and consultation processes they have undertaken, the challenges entailed by the expansion, and how they have been handled. The following concerns were expressed during these meetings:

1. Community representatives' understanding of MRL's exploration activities – The company fears that some community members in Dinarawan and Bunga do not fully understand the company's exploration activities and, from the company's view, the limited impact this would have on the communities' environment and culture. This is partly a product of the recent nature of the Tapan Extension EPA granted in November 2010, within which Dinarawan and Bunga fall. The company was in the early stages of consultation and other information programs throughout the 6,842 Ha Tapan Extension area, when the FPIC process was launched. The company states that they have had limited access to the two communities –partly due to understandable restrictions on company actions during the FPIC process– to explain what exploration entails, the company's environmental remediation programs for any impact, and the community benefits programs that are offered by the company. If and when it does not conflict with the FPIC process, MRL would welcome the opportunity to meet with the community representatives and any NGOs that work with the communities to present this information and discuss with the two communities. The Company expressed that they have a policy of carrying out widespread and transparent information campaigns within any tenement it applies for during the application process, with the intent of informing the local peoples about the nature and impact of its proposed programs.
2. The complexity and lack of clarity around the FPIC process – From the point of view of the company the FPIC process is a complex and sometimes changing process, and not all the stakeholders have clarity about the different steps and the actors involved. MRL emphasizes that the FPIC process is conducted by NCIP, and not by the company, and often there is a misunderstanding about this distinction. During the FPIC process, the company engages with the community and its leaders as designated by the NCIP. It is the view of the company that they have complied with the process to the best of their ability, in the context of changing policy and

⁷ Publicly available on IFC's website: <http://www.ifc.org/ifcext/spiwebsite1.nsf/ProjectDisplay/ESRS26987>. IFC's SPI and ESRS were released in June 2010, regarding IFC's possible equity investment in Mindoro before Board approval. The project was approved in July 2010. The public documentation was released before the permits for the Tapan Extension, where the communities are located, were granted in November 2010. However, the communities expressed concerns about the SPI and ESRS as these documents are the only publically available information from IFC regarding its involvement in the project, and the potential impacts on communities.

administrative requirements, including several different Regional Directors of NCIP, who had different approaches to the FPIC process.

3. Acceptance and consent of MRL by communities – From the company’s perspective they enjoy widespread acceptance from the majority of communities –both IP and non-IP– in the provinces of Agusan del Norte and Surigao del Norte. They have undertaken corresponding FPIC processes with the indigenous communities identified by NCIP, and all of them, apart from Dinarawan, have resulted in consent being granted by the IP for MRL activities. They report cordial and collaborative relationships with most of the communities and positive engagements around social and economic programs that the company develops with and for the communities. It is also MRL’s understanding that a majority of the population in both Dinarawan and Bunga are supportive of the company’s presence in the area and the engagement this would bring with the IP in the two communities. MRL views the complainant group as the minority voice in the two communities, as well as generally in their tenement areas in the two provinces. MRL considers that the opposition view is largely driven by anti-mining NGO influence which they believe has specifically targeted the two communities.
4. Environmental and social programs – The company expressed a high commitment to protect the environment and institutionalize programs that benefit host communities. They highlighted remediation efforts after every exploration, and also wider environmental programming they undertake with each community. MRL sees itself as complying with the strict laws of the Department of Environment and Natural Resources (DENR), and acquiring all of the diverse environmental licenses and permits that were required of them.
5. The company also expressed concern that the complaint and the complaint process does not recognize the efforts the company has made in regards to social and environmental issues, and the fact that MRL has been recognized on numerous occasions for excellence in its social, environmental, health, safety and environmental programs, including the Presidential Mineral Industry Environmental Award in 2011.
6. Recognition of IP - MRL states that it recognizes the legitimacy of both Dinarawan and Bunga IP, and has done so since it was informed by NCIP about the presence of IP in the two communities. MRL does not take a position on the recognition of Ancestral Domain Title as this is outside its jurisdiction or mandate. MRL recognizes that the IP should have a share in the benefits of any resource production in the area they live, whether or not it is an area with Certified Ancestral Domain Title. The company reports that it recognizes and partners with legitimate IP groups within their tenements regardless of whether a CADT exists. The company specifically cites the example of the Sitio Coro IP community and the agreement to grant them a 1% gross royalty despite the fact that Sitio Coro community does not have a Certificate of Ancestral Domain Title (CADT).
7. Competing land claims – MRL is concerned about competing land claims in the area. The exploration permits obtained by the company provide a legal basis for their exploration activities in the designated areas, and based on information the company has received from NCIP, there was no overlap with ancestral domain claims at the time of the permit application. It is now the company’s understanding that subsequent CADT applications have been filed which overlap with the Tapan Extension EP, and that there are competing land claims over certain areas.
8. Role of NGOs in FPIC process – The company has also expressed concerns about the role of local NGOs during the FPIC process. The company believes that local

NGOs have violated the regulations regarding FPIC process by entering the area in times when communities require time for private consultation among themselves, misusing community member signatures to demonstrate opposition to MRL, making untruthful statements about the project and its impacts, co-opting leaders by offering payment or other benefits, and exacerbating tensions in the communities.

9. CAO Process – MRL has expressed concerns over CAO’s complaint process, particularly around the CAO finding a complaint eligible without first determining the merits of the issues in the complaint. In the same vein, the company is concerned that the Ombudsman assessment does not make judgments about the validity of the concerns, and that in some cases, the case proceeds to CAO Compliance to determine if an audit of IFC procedures is necessary.

Other members of the IP communities

After its assessment trip in December 2011, the CAO received a letter from indigenous community members of Dinarawan and Bunga who were not part of the complaint, requesting a meeting with the CAO so they could share their perspective with the team. In February 2012 as part of its Ombudsman assessment, the CAO met with these IP members in a follow-up visit that was undertaken with the objective of clarifying CAO’s mandate, explaining the complaint process underway and listening to the views of this group of community members.

At the February 2012 meeting, in line with what CAO had heard from other stakeholders, the community members reiterated their support for the MRL project. They do not see the project as causing environmental damage or negatively impacting their ancestral domain, and believe the company has the appropriate programs and methods for avoiding negative impacts. Furthermore, they would like to see the project implemented because they anticipate it would bring them economic opportunities and social benefits they would otherwise not have, and they state they have seen the benefits other communities have received from MRL programs.

5. Conclusions and next steps

In the course of its assessment, the CAO understood from community members that presented the complaint that they did not wish to engage in a dispute resolution process with MRL. Given the voluntary nature of a dispute resolution process, and the lack of interest and willingness of the complainants to pursue this option, the CAO Ombudsman concludes that this complaint is not amenable to resolution through a collaborative process at this point in time.

In May 2012, in accordance with the CAO’s Operational Guidelines, the CAO Ombudsman concluded its process and referred the complaint to CAO Compliance for initial appraisal. The appraisal will determine if an audit of IFC is necessary to provide assurances to the President and the public that the IFC is complying with the relevant social and environmental policies in regards to this project.