



COMPLIANCE MONITORING REPORT

IFC Investment in Togo LCT

Project #29197

Complaint 01

Third Monitoring Report of IFC's Response to: CAO Investigation of IFC's Investments in Togo LCT

August 11, 2021

Office of the Compliance Advisor Ombudsman (CAO)

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is an independent recourse and accountability mechanism that receives complaints from communities and persons who may be affected by the projects that the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) support. The CAO reports directly to the Boards of IFC and MIGA (“the Board”) and is fully independent of IFC/MIGA management.

CAO was established in 1999. As of July 2021, CAO carries out its work in accordance with [the IFC/MIGA Accountability Mechanism Policy](#) (“the CAO Policy”).

Through the exercise of its complementary dispute resolution, compliance, and advisory functions, CAO’s mandate is to:

- Facilitate the resolution of complaints from people who may be affected by IFC/MIGA projects or sub-projects in a manner that is fair, objective, and constructive;
- Enhance the environmental and social outcomes of projects in which those institutions play a role; and
- Foster public accountability and learning to enhance the environmental and social performance of IFC and MIGA and reduce the risk of harm to people and the environment.

Following transitional arrangements agreed as part of the CAO Policy, this compliance monitoring report was prepared following CAO’s 2013 [Operational Guidelines](#).

For more information about CAO, please visit: (www.cao-ombudsman.org).

Executive Summary

This is the third compliance monitoring report following CAO's compliance investigation of IFC's investment in Lomé Container Terminal in Togo ("LCT project"), published in October 2016.

Following a compliance investigation, CAO's role is to monitor IFC's response and report on the extent to which the response addresses CAO's non-compliance findings. This report summarizes actions taken to date to address CAO's findings, with a focus on actions taken since CAO's last monitoring report in April 2019.

The LCT project supported the development of a container terminal at the existing Port of Lomé in Togo. As well as the construction of the container terminal, the project included an extension of a breakwater (spur groyne) and the dredging of a deeper access channel for the port. IFC supported the project through two loans.

The CAO compliance process was triggered by a complaint received in March 2015 from members of communities in an area to the east of the port that is experiencing coastal erosion. The complainants claim that the project has accelerated coastal erosion in their communities, impacting their homes and livelihoods.

Coastal Erosion

In October 2016, CAO released an investigation report identifying non-compliance regarding IFC's application of its environmental and social standards to the LCT project. In particular, CAO found shortcomings in IFC's review and supervision of the assessment of erosion impacts associated with the project, including cumulative and historical impacts as required by IFC's Sustainability Framework.

IFC's response to CAO's compliance investigation stated that no link had been established between the project and coastal erosion. IFC's response did not contain an action plan, however, IFC has subsequently reported actions in response to CAO's findings.

IFC reports on two studies commissioned by the client: an environmental and social audit, and the coastal erosion study. While noting a range of contributing causes, both studies confirm that the Port of Lomé has historically been and remains a significant cause of coastal erosion to the east of the port. In this context, the coastal erosion study identifies the LCT project as contributing to an increase in coastal erosion to the east of the Port. While not attributing specific causality, the environmental and social audit notes an increase in erosion following construction of the LCT project and concludes this cannot be the "sole responsibility" of LCT.

To date, IFC has not required LCT to develop or implement measures to address project impacts associated with erosion to the east of the port. IFC's view is that this is not required as the link between the LCT project and erosion to the east of the port is insufficiently established. In support of this approach, IFC draws on advice from an external consultant who reviewed the client's studies and concluded that the methodology used to review the erosion impacts of the project was not sufficient to draw a causal link between the expansion of the port and an increase in coastal erosion. Subsequently, IFC has supported LCT in engaging a consultant to revise the coastal erosion study. This work was ongoing at the time of writing CAO's Third Monitoring Report. As a result, the question of whether the expansion of the port has contributed to coastal erosion remains open from a technical perspective.

However, the ESIA and subsequent coastal erosion studies carried out by the client confirm that the Port of Lomé (in which LCT is the largest operator) has historically been and continues to be a contributing factor to coastal erosion in the area to the east of the port. This is also

acknowledged by IFC. IFC's Sustainability Policy requires that: *"Where there are significant historical social or environmental impacts associated with the project, including those caused by others, IFC works with its client to determine possible remediation measures"* (2006, para. 13). IFC's response has not addressed this requirement.

Consultation and Disclosure

CAO's 2016 investigation report also noted shortcomings in IFC's application of its requirements regarding consultation and disclosure of the project as relevant to erosion issues. IFC has worked with LCT to address CAO's findings regarding the lack of stakeholder engagement and disclosure of information regarding the potential erosion impacts of the project. Through this work, LCT committed to ensure disclosure and dissemination of information, and consultation and participation involving the coastal communities. LCT also committed to participate in monitoring and coastal protection programs under the coordination of the national authorities, and to support livelihood and economic development activities for coastal communities as part of its corporate social responsibility program.

However, CAO's findings regarding lack of consultation and disclosure have not been fully addressed in accordance with IFC requirements. Preparation of both, the environmental and social audit and the coastal erosion study, included meetings with potentially affected communities, including the complainants. While such meetings are a necessary part of the stakeholder engagement process, they are not sufficient to meet IFC standards. Performance Standard 1 (PS1), as applicable to this project, requires iterative engagement and consultation on the basis of "prior disclosure of relevant and adequate information, including draft documents and plans" (PS1, para. 21). This includes the requirement to disclose environmental and social assessment documents (para. 20) and project ESAPs (para. 26).

To date, these requirements have not been met in relation to the assessment of the erosion impacts of the project as neither draft nor final versions of the coastal erosion study have been shared with impacted people.

Conclusion

The complainants' concerns about coastal erosion have not yet been addressed in accordance with IFC requirements. Of particular concern, erosion impacts associated with the project due to its reliance on the Port of Lomé infrastructure, continue to affect complainants. In order to resolve this issue in accordance with IFC requirements, it will be necessary for IFC to work with LCT to determine possible remediation measures to address erosion impacts associated with the project, due to its reliance on the Port of Lomé infrastructure as required by paragraph 13 of the 2006 Sustainability Policy

It will also be necessary for IFC to ensure completion of the outstanding assessment of project erosion impacts in accordance with PS1. This includes the requirement to consult with affected communities based on prior disclosure of draft assessment reports as well as any associated action plans (PS1, para. 21).

Finally, IFC should ensure disclosure of all required E&S documentation, including: (a) the final version of the coastal erosion study of April 2020, (b) any revised version of the coastal erosion study, and (c) the updated ESAP (following PS1, paras. 20 & 26).

In this context, CAO will keep the investigation open for monitoring and plans to issue a follow-up monitoring report no later than July 2022.

Introduction and Background

CAO's compliance function conducts investigations of IFC/MIGA's environmental and social (E&S) performance to assess compliance with relevant requirements and to improve institutional E&S performance. Following a CAO compliance investigation, CAO monitors actions taken by IFC/MIGA until such actions demonstrate that the investigation findings are being addressed.

This compliance monitoring report relates to CAO's investigation of IFC's investment in Lomé Container Terminal in Togo ("the compliance investigation").¹ CAO's compliance process was triggered by a complaint received in March 2015 from the "*Collectif des personnes victimes d'érosion côtière*" (Collective of victims of coastal erosion, "the complainant group"), representing a group of settlers living east of the Port of Lomé (Agbodrafo and Baguida), who claim to be negatively impacted by the project. In particular, they claim that the project has accelerated coastal erosion, impacting their homes and livelihoods. They also allege that they were never consulted prior to the project being developed.

CAO released a compliance investigation report in response to the complaint in October 2016. The investigation made several non-compliance findings in relation to IFC's due diligence and supervision of the project regarding: (a) the assessment of erosion impacts of the project and (b) stakeholder engagement and disclosure of information relevant to erosion issues.² A management response from IFC was released together with the investigation report in October 2016.³ IFC's response envisaged a number of actions proposed to address the investigation findings at the project level, and at the level of policies, procedures, practice and knowledge.

In March 2018⁴ and April 2019⁵, CAO released two monitoring reports in relation to actions IFC had taken and/or had proposed to take to address the investigation findings:⁶

- CAO's March 2018 monitoring report recognized positive actions taken by IFC at the level of policies, procedures, practice and knowledge, and acknowledged a number of actions initiated by IFC at the project level. However, CAO noted that these actions were at the initial stages of implementation and had not substantially addressed the investigation findings at the time of the report.
- CAO's April 2019 monitoring report noted that LCT had commissioned i) an environmental audit including a component on coastal erosion, and ii) a study on the contribution of different infrastructure projects to coastal erosion. LCT noted that both studies would include consultations with coastal communities. CAO acknowledged that these represented positive steps towards bringing the project back into compliance. However, CAO indicated that it expected to review these two studies, together with the appropriate corrective actions depending on the outcome of the studies, prior to closing this monitoring process.

This third monitoring report documents IFC's response to the compliance investigation in the period comprised between April 2019 – June 2021.

¹ The CAO investigation, IFC's response to the investigation and related materials are available on the CAO website. See <https://bit.ly/2rBt8kV>

² CAO Compliance Investigation Report, Togo LCT-01, October 2016 - <https://bit.ly/2uWX2IQ>

³ IFC's Response to CAO Compliance Investigation Report of IFC's investment in Togo LCT, October 2016 – <https://bit.ly/2U4p2Op>

⁴ CAO Compliance Monitoring Report, Togo LCT-01, March 2018 - <https://bit.ly/2U69UQw>

⁵ CAO Compliance Monitoring Report, Togo LCT-01, April 2019 - <https://bit.ly/3ceR7fB>

⁶ CAO Compliance Monitoring Report, Togo LCT-01, April 2019 - <https://bit.ly/3ceR7fB>

Observations from CAO Monitoring (April 2019 – June 2021)

IFC has reported steps taken to address CAO's non-compliance findings at the project level in relation to:

- **The assessment of project impacts on coastal erosion.**
- **Stakeholder engagement and disclosure of information**, particularly in relation to coastal communities.

This section summarizes CAO's investigation findings and reviews IFC's actions taken to address CAO's findings at the project level during the period since the publication of CAO's last compliance monitoring report in April 2019. The report also summarizes complainant views regarding IFC's engagement to address CAO's findings.

1. Assessment of project impacts on coastal erosion

A. CAO Investigation Findings

The LCT project involved the construction of a new container terminal at the existing Lomé Port. LCT operates within the boundaries of the existing port, however, the project required dredging of the port's access channel and the construction of a new breakwater extension to prevent the port access channel re-filling with sand. LCT is currently the largest operator within the Port of Lomé.

CAO's investigation made the following non-compliance findings:

- contrary to IFC Sustainability Policy (2006, para. 13), IFC's pre-investment review did not consider significant historical erosion-related impacts associated with the project and IFC did not work with the client to determine possible remediation measures, as required by the Sustainability Policy.
- IFC did not assure itself that the Environmental and Social Impact Assessment (ESIA) met Performance Standard 1 (PS1) requirements in relation to potential erosion impacts, and as such, that additional assessment of the erosion risk posed by the project was required.
- contrary to PS1 (2006, para. 5), IFC did not ensure that the ESIA considered potential cumulative impacts of the project on erosion.

B. IFC's Actions in Response to the Findings

In responding to the above findings, IFC committed to working with LCT to commission two studies:

1. An environmental and social audit, which was also required by Togolese law for renewal of LCT's environmental permit, and
2. A coastal erosion study to estimate the contribution of the LCT project (including the construction of the breakwater extension and access channel dredging), if any, to coastal erosion of areas around the port.

IFC noted that both the environmental and social audit and the coastal erosion study would include historical data analysis, cumulative impact assessment and consultation with affected communities.

1. Environmental and social audit

As reported in CAO's April 2019 monitoring report, LCT initiated the environmental and social audit in January 2019 for the main purpose of renewing their environmental license. However, the Terms of Reference (TOR) for the environmental and social audit included work to assess the link

between the LCT project and coastal erosion. As reported by IFC, the TOR for the audit were drafted by the Togolese Ministry of Environment and, as a result, it was not possible for IFC to review them. Consequently, IFC staff indicated they were unable to influence the scope and methodology for the audit.

In February 2019, LCT's consultant team conducting the audit met with affected communities including the *Collectif des personnes victimes d'érosion côtière* (the complainant group), village chiefs and representatives of four villages affected by coastal erosion.

The LCT consultant team completed a preliminary audit report in October 2019 and LCT sent it to the Ministry of Environment for validation. The Ministry of Environment held a technical validation meeting and conducted a field visit in January 2020. A validation meeting with relevant stakeholders, including the *Collectif des personnes victimes d'érosion côtière* was held in January 16, 2020. Stakeholders provided comments on the draft audit, which were consolidated by the LCT consultant team and communicated to LCT.

The environmental and social audit report provides a historical description of coastal erosion in Togo but does not assess in detail the relationship between the LCT project and the erosion experienced along the coast to the east of the port in recent years. The report states that the erosion east of the port is the result of cumulative impacts caused by natural and human factors, noting that the LCT project has caused an additional accumulation of sand to the west of the port accentuating the disruption of the natural flow of sediment along the coast. The audit does not assign precise causality to LCT, however, it states that monitoring done by the University of Lomé in 2015 and corroborating testimonies identified an increase in erosion after the construction of the LCT project, which was estimated at an average of (+1 m per annum) between 2012 and 2015, compared to the average annual rate of 2005-2011. In this context, the audit concludes that the erosion experienced to the east of the port "cannot be the sole responsibility of LCT."

The environmental and social audit report was finalized in May 2020 and disclosed on IFC's website in February 2021.

Subsequently to the audit completion, IFC assigned an external consultant specialized in coastal erosion to review the environmental and social audit report and advise on the methodology used. IFC's consultant concluded that the audit finding that the LCT project had contributed to erosion to the east of the port was not adequately supported.

II. Study on coastal erosion

A study on coastal erosion in Togo, including potential cumulative impacts of the LCT project, was initiated by LCT in February 2019 and finalized in April 2020. At the time of writing this Monitoring Report, LCT had engaged consultants to review and revise the study.

The coastal erosion study provides a description of the evolution of the coastline in the vicinity of the port over the period between 1955 – 2019, an assessment of cumulative impacts of different coastal infrastructure projects, with a focus on the LCT project, and proposes monitoring measures. Key findings of the coastal erosion study report are as follows:

- The construction of the Port of Lomé in 1964 – 1967 significantly impacted the coastline over the study period, leading over the subsequent decades to a zone of sand accumulation to the west of the port, and a zone of erosion to the east (where the CAO complainants are located).
- In the period between 2010 – 2019, which includes the construction of the LCT project, the study notes a decrease of the mean rates of erosion in some areas to the east of the port, while noting an increase in erosion in other areas (particularly in Agbodrafo and Baguida).

- The study provides an explanation for the relative decrease of erosion rates in some areas. For example, in Katanga, the reprofiling of the area with sediments from dredging is considered to have stabilized the shore. In Kpémé, Gumukopé, and Aného, installations such as sand-stopping barriers are considered to have been relatively effective at slowing coastal erosion.
- While noting a range of factors causing erosion east of the port, the study states that the construction of the LCT project has had an additional negative impact on coastal erosion due to the increased footprint of the port, associated accumulation of sand to the west of the port and increased diffraction of waves.
- The study puts forward some recommendations to raise awareness within coastal communities and monitor the evolution of the coastline:
 - Training of focal points within the coastal communities on coastal erosion and risks related to exceptional events (e.g. storms), with an expectation for the focal points to raise awareness within the communities.
 - Monitoring of sediment volumes and movements along the coast.
 - Continued monitoring of the coastline.
 - In the long term, creation of a “Coastal Observatory”, expected to involve all relevant stakeholders including the Port Authority, LCT, Governmental agencies and authorities, the University of Lomé, Civil Society Organizations, the *Collectif des personnes victimes d'érosion côtière*, as well as representatives of other initiatives in the region.
- The study documents meetings with affected communities, including the complainant group, conducted as part of the preparation of the report.

The draft coastal erosion study was submitted to IFC in June 2019 and reviewed by IFC’s external consultant. While acknowledging that the draft coastal erosion study report was well written and that maps and graphs were clearly presented, the consultant provided recommendations on each item analyzed in the study to ensure completion of an adequate final report that would satisfy international standards.

A final version of the coastal erosion study, including historical data analysis, cumulative impacts assessment, and impacts of the LCT project on the coast east of the port, was received by IFC in April 2020 and also reviewed by IFC’s consultant. As reported to CAO, the consultant disagreed with the finding that the LCT project was contributing to increased erosion around Agbodrafo and Baguida due to: i) dredging of the port’s access channel and ii) the building of a new spur groyne extending the existing breakwater for the port to protect the access channel from refilling with sand. Rather, the IFC consultant noted some omissions concerning the interpretation of results which he noted should take into account the cumulative impacts of other projects. .

To better understand IFC’s consultant’s deductions on the link between the port and increased erosion in some neighboring communities, CAO had further discussions with both the IFC consultant and the LCT consultants (the authors of the coastal erosion study). Based on these discussions, CAO notes that:

1. Both, IFC’s consultant and LCT consultants, agree that the Port of Lomé (in which LCT is the largest operator) has historically been and continues to be a contributing factor to coastal erosion in the area to the east of the port. The ongoing role of the port in disrupting the flow of sediment along the coast is also acknowledged in IFC’s response to CAO’s compliance investigation: “*the main breakwater (for the port) accumulates and diverts the*

west-to-east littoral drift towards the shipping channel, which acts as a sink that traps virtually all of the sediment moving from west to east.”⁷

2. There is a difference of views between the IFC consultant and LCT’s consultants on the role that the LCT project itself has played in relation to coastal erosion to the east of the port.

While disputing the LCT consultant team’s conclusions regarding the contribution of the LCT project to erosion, IFC’s consultant noted that the Port of Lomé lacks a sustainable solution to the underlying issue of sand accumulation to the west of the breakwater and in the channel, and the corresponding depletion of sand to the east. In relation to this issue, he provided advice consistent with the following statement in IFC’s response to CAO’s investigation: “... *the crux of solving the erosion issue could lie with the transfer of material from one system to another, primarily through by-passing the accumulate sand at the west side, but also possibly by depositing the dredged material from the maintenance of the shipping channel. Both options can be enhanced by construction of short groynes along the beaches to the east of the port.*”⁸

As of June 2020, IFC and LCT confirmed to CAO that the April 2020 version of the coastal erosion study received from LCT was the final report. However, 10 months later, in February 2021, IFC advised CAO that due to potential shortcomings with the study, IFC was supporting LCT in engaging a consult to review the study. Working together with other lenders to the project, IFC drafted terms of reference and short-listed consultants to review the study. In May 2021, IFC advised CAO that LCT had hired a consultant to review and finalize the report. At the time of writing this monitoring report, work on the revised coastal erosion study was ongoing.

2. Stakeholder engagement and disclosure of information

A. CAO Investigation Findings

CAO’s investigation noted that the ESIA consultation for the project did not include potentially impacted communities in the erosion zone to the east of the port, despite communities in this area having been identified in the ESIA as within the project’s area of influence. CAO also noted that the E&S Action Plan (ESAP) for the project was not disclosed to these communities and did not include a structure for reporting to these communities. As a result, CAO found that IFC lacked assurance of project compliance with PS1 requirements for consultation and disclosure of project information (paras. 20 & 21).

During project implementation, CAO noted that actions agreed between IFC and the client did not specify the need for *consultation with or disclosure to* communities in the erosion zone, and that IFC had not sought assurance that revisions to the project ESAP had been developed following consultation with, or disclosure to, affected communities. CAO also found that IFC lacked a framework for monitoring or follow-up that would ensure concerns regarding project-related impacts were addressed in consultation with potentially impacted communities. This is contrary to PS1 paras 16 & 26, which include consultation and disclosure requirements for the ESAP.

B. IFC’s Actions in Response to the Findings

1. *Additions to the project’s Environmental and Social Action Plan (ESAP)*

In 2020, IFC agreed with the client on an action plan to be implemented through the remaining life of the project, which included the following commitments:

⁷ IFC’s Response to CAO Compliance Investigation Report of IFC’s investment in Togo LCT, October 2016 – <https://bit.ly/2U4p2Op>

⁸ IFC’s Response to CAO Compliance Investigation Report of IFC’s investment in Togo LCT, October 2016 – <https://bit.ly/2U4p2Op>

- LCT will continue to implement the Stakeholder Engagement Plan (SEP) to ensure disclosure and dissemination of information, consultation and participation on key activities, and grievance management through 10-15 representatives of the local coastal communities.
- LCT has expressed its interest and willingness to participate in the long-term monitoring and protection programs of the Togolese coast, under coordination of the national authorities, or other initiatives such as the *Centre de Gestion Intégrée du Littoral* (CEGIL), or the West Africa Coastal Areas Management Program (WACA). LCT committed to approach the relevant stakeholders to identify how to contribute.
- Through its corporate social responsibility program, LCT is committed to support initiatives to improve livelihood and economic development of coastal communities.
- LCT commits to let IFC disclose the final versions of the coastal erosion study and environmental audit report on its website.

II. Scoping for multi-stakeholder dialogue

In October and November 2019, IFC contracted a third-party facilitator to explore options for a multi-stakeholder dialogue. The facilitator conducted bilateral interviews and small focus groups with a variety of stakeholders (30 stakeholders were interviewed), including some members of the *Collectif des personnes victimes d'érosion côtière*, to test the feasibility of a multi-stakeholder platform around issues related to coastal erosion. Following the facilitator's scoping mission, IFC concluded that the conditions were not adequate for IFC to support a multi-stakeholder dialogue initiative in relation to coastal erosion, although IFC would remain open to participate in other relevant regional initiatives in the future.

III. Consultation and disclosure in relation to the ongoing assessment of coastal erosion impacts

The environmental and social audit, as well as the coastal erosion study, included documented engagement with potentially affected communities, including the complainant group. This engagement included meetings with LCT's consultants for the information gathering process. However, there is no evidence that the client or its consultants shared draft findings or sought feedback on such findings from the complainants or other affected people.

Complainants' Perspective

The complainants are a group of settlers living east of the port, who believe the LCT project is contributing to the acceleration of coastal erosion, thus exacerbating the impact on their communities. Their key concerns relate to loss of land and homes caused by coastal erosion, which is negatively impacting their livelihood, amongst other issues. Further, the complainant group maintains that they were never identified as affected communities in the project's ESIA nor consulted regarding project impacts.

The complainants report that in January 2020 they were consulted as part of the validation process of the audit. They report that at this time they visited the LCT project and met with representatives of LCT and the national environmental authority. The complainants report that they had questions regarding the content and conclusions of the audit. They also report that no reference was made in the audit to the CAO investigation findings, which they consider to be a shortcoming. They report that neither LCT nor the environmental authority formally responded to their concerns regarding the audit following the January 2020 validation meeting. The complainants further acknowledge that community development projects have been proposed by LCT. However, they state that their priority is for the project to comply with relevant IFC

Performance Standards on the assessment and mitigation of erosion impacts before engaging with LCT in relation to community development projects. For the same reasons, the complainants expressed a reluctance to participate in the proposed IFC supported multi-stakeholder dialogue initiative.

The complainants also raise concerns about a lack of effective consultation and timely disclosure in relation to the environmental and social audit and the coastal erosion study. They assert that LCT has not engaged with the communities nor their representatives since the consultation for the erosion study was concluded in 2019. They report that the NGOs and community representatives monitor the erosion impact on their communities on a monthly basis. Thus, they assert that the port operates with no mitigation actions in place, the sea continues to advance, causing people to lose their homes, jobs, and source of living. They expressed frustration with the process and lack of resolution.

Actions at the level of IFC policies, procedures, practice or knowledge

As noted in CAO's first monitoring report, IFC has taken steps to address CAO's investigation findings at the level of policy, procedures, practice or knowledge.⁹ CAO noted that a new section had been added to IFC's Environmental Health and Safety Guidelines for Ports, Harbors and Terminals, providing useful guidance in relation to the assessment of project impacts on coastal processes and erosion.¹⁰ CAO also reported that IFC had contracted a third-party consultant to support staff with expert reviews of projects with potential impacts on coastal erosion.

Conclusion

In October 2016, CAO released an investigation report identifying IFC's application of its environmental and social standards to the LCT project. In particular, CAO found shortcomings in IFC's review and supervision of the assessment of erosion impacts associated with the project, including cumulative and historical impacts as required by IFC's Performance Standards. CAO's investigation report also noted shortcomings in IFC's application of its requirements regarding consultation and disclosure to the project in relation to erosion issues.

IFC's response to CAO's compliance investigation stated that no link had been established between the project and coastal erosion. IFC's response did not contain an action plan to address CAO's findings, however, IFC has subsequently reported actions in response to these findings.

In relation to the assessment of erosion impacts, IFC reports that two studies were commissioned by the client: an environmental and social audit, and a coastal erosion study. While noting a range of contributing causes, both studies confirmed that the Port of Lomé has historically been and remains a significant cause of coastal erosion to the east of the port. In this context, the coastal erosion study identifies the LCT project as contributing to an increase in coastal erosion to the east of the Port. While not attributing specific causality, the environmental and social audit notes an increase in erosion following construction of the LCT project and concludes this cannot be the "sole responsibility" of LCT

To date, IFC has not required LCT to develop a management program to address project impacts associated with erosion to the east of the port. IFC's view is that this is not required as the link between the LCT project and erosion to the east of the port is insufficiently established. In support of this approach, IFC draws on advice from an external consultant who reviewed the client's

⁹ CAO Compliance Monitoring Report, Togo LCT-01, March 2018 - <https://bit.ly/3pPTVq8>

¹⁰ See IFC, EHS Guidelines. Available at <https://bit.ly/2mWsc94>

studies and concluded that the methodology used to review the erosion impacts of the project was not sufficient to draw a causal link between the expansion of the port and an increase in coastal erosion. Subsequently, IFC has supported LCT in engaging a consultant to revise the coastal erosion study.

At the time of writing this CAO Monitoring Report, such revision was ongoing and, as a result, the question of whether the expansion of the port has contributed to coastal erosion remains open from a technical perspective. However, it is uncontested that the Port of Lomé (in which LCT is the largest operator) has historically been and continues to be a contributing factor to coastal erosion in the area to the east of the port. IFC's Sustainability Policy requires that: "*Where there are significant historical social or environmental impacts associated with the project, including those caused by others, IFC works with its client to determine possible remediation measures*" (2006, para. 13). IFC remains non-compliant with this requirement.

IFC has worked with LCT to address CAO's findings regarding the lack of stakeholder engagement and disclosure of information regarding the potential erosion impacts of the project. Through this work, LCT committed to ensure disclosure and dissemination of information, and consultation with coastal communities. LCT also committed to participate in monitoring and coastal protection programs under the coordination of the national authorities, as well as to support livelihood and economic development activities for coastal communities as part of its corporate social responsibility program.

However, CAO's findings regarding lack of consultation and disclosure have not been fully addressed in accordance with IFC requirements. Preparation of both, the environmental and social audit and the coastal erosion study, included meetings with potentially affected communities, including the complainants. While such meetings are a necessary part of the stakeholder engagement process, they are not sufficient to meet IFC standards. Performance Standard 1, as applicable to this project, requires iterative engagement and consultation on the basis of "prior disclosure of relevant and adequate information, including draft documents and plans" (PS1, para. 21). This includes the requirement to disclose environmental and social assessment documents (para. 20) and project ESAPs (para. 26). To date, these requirements have not been met in relation to the assessment of the erosion impacts of the project.

As a result, CAO concludes that its findings in relation to the assessment and mitigation of coastal erosion impacts of the LCT project have not yet been addressed in accordance with IFC requirements. It is of concern that these issues remain open seven years after the LCT project opened for business and five years after completion of CAO's compliance investigation report, while the complainants continue to raise concerns regarding the impact of erosion on their communities.

In order to effectively address CAO's findings and bring the project into compliance, CAO finds that it will be necessary for IFC to work with LCT to determine remediation measures in relation to historical and ongoing erosion impacts associated with the project due to its reliance on the Port of Lomé infrastructure (see Sustainability Policy, para. 13).

It will also be necessary for IFC to ensure that consultation with the affected communities includes opportunities to comment on any draft assessment reports and plans that LCT and its consultants prepare in relation to the coast erosion issue (see PS1, para. 21).

Finally, IFC should ensure disclosure of all required E&S documentation, including the final version of the coastal erosion study of April 2020, any revised version of the coastal erosion study, and the updated ESAP (see PS1, paras. 20 & 26).

In this context, CAO will keep the investigation open for monitoring and plans to issue a follow-up monitoring report no later than June 2022.