

MARCH 2026

Assessment Report

Regarding Nepal Cable Car – 01 in Nepal

IFC Project number: 607394

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see <http://www.cao-ombudsman.org/about-us>.



List of Acronyms

AIPNEE	Asia Indigenous Peoples Network on Extractive Industries and Energy
CAO	Office of the Compliance Advisor Ombudsman
E&S	Environmental and Social
EIA	Environmental Impact Assessment
ESPAG	E&S Policy & Operations – Accountability and Grievance Redress
IAM	Independent Accountability Mechanism
IEE	Initial Environmental Examination
IFC	International Finance Corporation
LAHURNIP	Lawyers’ Association for Human Rights of Nepalese Indigenous Peoples

1 Executive Summary

On August 26, 2025, a complaint was submitted to CAO on behalf of members of the Indigenous Limbu (Yakthung) communities in the Taplejung District of eastern Nepal, raising concerns regarding the environmental and social impacts of the Pathivara Cable Car project. As the company did not engage with CAO during the assessment process, there was no agreement between the parties to proceed with a CAO-facilitated dialogue process. In line with CAO's policy, the complaint has been transferred to CAO's Compliance function.

2 Background

2.1 The Complaint

On August 26, 2025, CAO received a complaint filed on behalf of members of the Indigenous Limbu (Yakthung) communities from the Taplejung District of eastern Nepal (together referred to as “the complainants”), concerning the Pathivara Cable Car project located on Mukkumlung mountain. The complaint was submitted with the support of the Lawyers’ Association for Human Rights of Nepalese Indigenous Peoples (LAHURNIP), acting as legal counsel to the complainants, as well as the Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE) and Recourse, serving as technical advisors to the complainants.

The complaint raised a number of environmental and social issues concerning the construction of the Pathivara cable car, including impacts on a sacred Indigenous site, alleged environmental damage, concerns regarding consultation with affected communities, and potential effects on local livelihoods.

CAO found the complaint eligible on December 12, 2025, and began its assessment process.

2.2 The Project

An IFC Advisory Project¹ aimed to support a subsidiary of IME Group in relation to the development of four cable car projects in Nepal. The upstream advisory engagement was intended to focus on providing advisory support, technical analysis and tendering support for cable car installations, assessing commercial feasibility and bankability, conducting Environmental Impact Assessment (EIA) gap analysis and advising on remedial measures, and evaluating applicable legal and regulatory frameworks. According to IFC's disclosure, the advisory services were intended to contribute to the bankability of the proposed cable car investments and to facilitate potential foreign investment. The project was closed on September 2, 2024.

¹ [IFC Project 607394](#)

3 Assessment Purpose & Methodology

3.1 Assessment Purpose

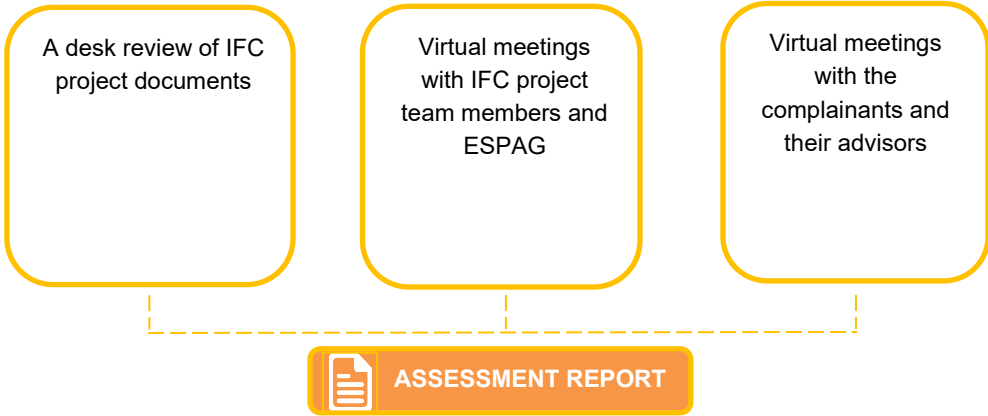
The aim of the CAO assessment process is to develop a thorough understanding of the issues and concerns raised by the complainants, gather information on the views of different stakeholders, and determine whether the complainants and IFC/MIGA's client would like to pursue a dispute resolution process facilitated by CAO, or whether the complaint should be handled by CAO's Compliance function for appraisal of IFC's environmental and social Performance Standards (see Appendix A for CAO's complaint-handling process).

CAO's assessment process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the parties' perspectives and empower those involved to make informed decisions on how to address the issues raised.

3.2 Assessment Methodology

Figure 2 shows the approach and methodology to be applied in CAO's assessment process.

Through the assessment process, CAO aims to get a better understanding of the issues and determine whether the parties wish to address the complaint through a dispute resolution or compliance process. This assessment involves:



Outcome: The complainants and the IFC client decide to initiate a dispute resolution or compliance process.



Figure 1. CAO Assessment Process

The assessment was conducted by the CAO team, who communicated with the stakeholders and collected information through in-depth online and in-person conversations.

This report summarizes the views expressed to the CAO team by the parties and describes the next steps based on the decisions taken by the complainants and the company.

4 Complainants' Perspective

The complainants alleged² that the Pathivara cable car project affects Mukkumlung mountain, which they described as a sacred site of central religious and cultural importance to the Limbu (Yakthung) Indigenous People. In their view, construction of the cable car and related infrastructure constitutes an encroachment on a site of deep spiritual significance and threatens their ability to maintain cultural and religious practices associated with the area. The complainants invited the CAO assessment team to visit the project area in Nepal to observe the impacts of the project on affected communities and the surrounding ecosystem³.

The complainants also expressed concern about the environmental impacts of the project. They alleged that construction activities resulted in the clearing of large areas of forest, including the felling of approximately 10,000 trees. According to the complainants, the project area overlaps with the Kanchenjunga Conservation Area, and they expressed concern that forest clearance and construction activities may affect habitats of endangered species such as the red panda, snow leopard, and Himalayan musk deer. They also stated that rare herbs and plant species may have been destroyed during site preparation and construction.

In addition, the complainants stated that Mukkumlung is an important pilgrimage site that supports a range of local livelihood activities. They shared that the project has adversely affected the livelihoods of porters, pilgrims' helpers, small business operators, and transport workers who depend on activities linked to Mukkumlung. They expressed concern that individuals whose livelihoods depend on pilgrimage-related activities were not adequately identified and that no comprehensive assessment or livelihood restoration measures had been put in place for those affected.

The complainants alleged that the project proceeded without obtaining the Free, Prior, and Informed Consent of the affected Limbu Indigenous communities. They stated that no consultations took place prior to the commencement of construction despite the project's impacts on their ancestral lands. The complainants also raised concerns about threats and reprisals in the context of community opposition to the project and efforts to protect the Mukkumlung site. They stated that protests have been suppressed and that armed personnel have been present at the project site, which, in their view, has contributed to an atmosphere of fear and intimidation within the community.

The complainants shared that they have been raising these issues for some time, but the company has not addressed these issues yet. They also raised concerns regarding the disclosure of IFC's involvement in the project, stating that the advisory engagement was publicly disclosed in July 2024, shortly before IFC exited the project in September 2024, and that the exit was not reflected on the disclosure portal until early 2025. According to the complainants, these issues limited their ability to access information and engage with the project in a timely manner.

The complainants requested that the project be halted and that the sacred site of Mukkumlung be protected from further development. They further called for construction to cease until the CAO

² The issues raised by the complainants are set out in detail in the complaint submitted to CAO, which is available on CAO's case webpage.

³ In order to expedite the completion of the assessment and transfer of the case to Compliance, the CAO team did not conduct a site visit.

process is completed and grievances are resolved, for an end to alleged criminalization and violence against community members, and for the withdrawal of security forces from the project site. In addition, they requested that encroachment on the sacred site be stopped, that the community be able to continue their cultural and religious practices without restriction, and that information relating to IFC's engagement with IME Group be disclosed.

5 Company's Perspective

During the assessment process, the CAO team made numerous attempts to reach out to the company. However, the CAO team received no response and therefore could not engage with the company during the assessment process.

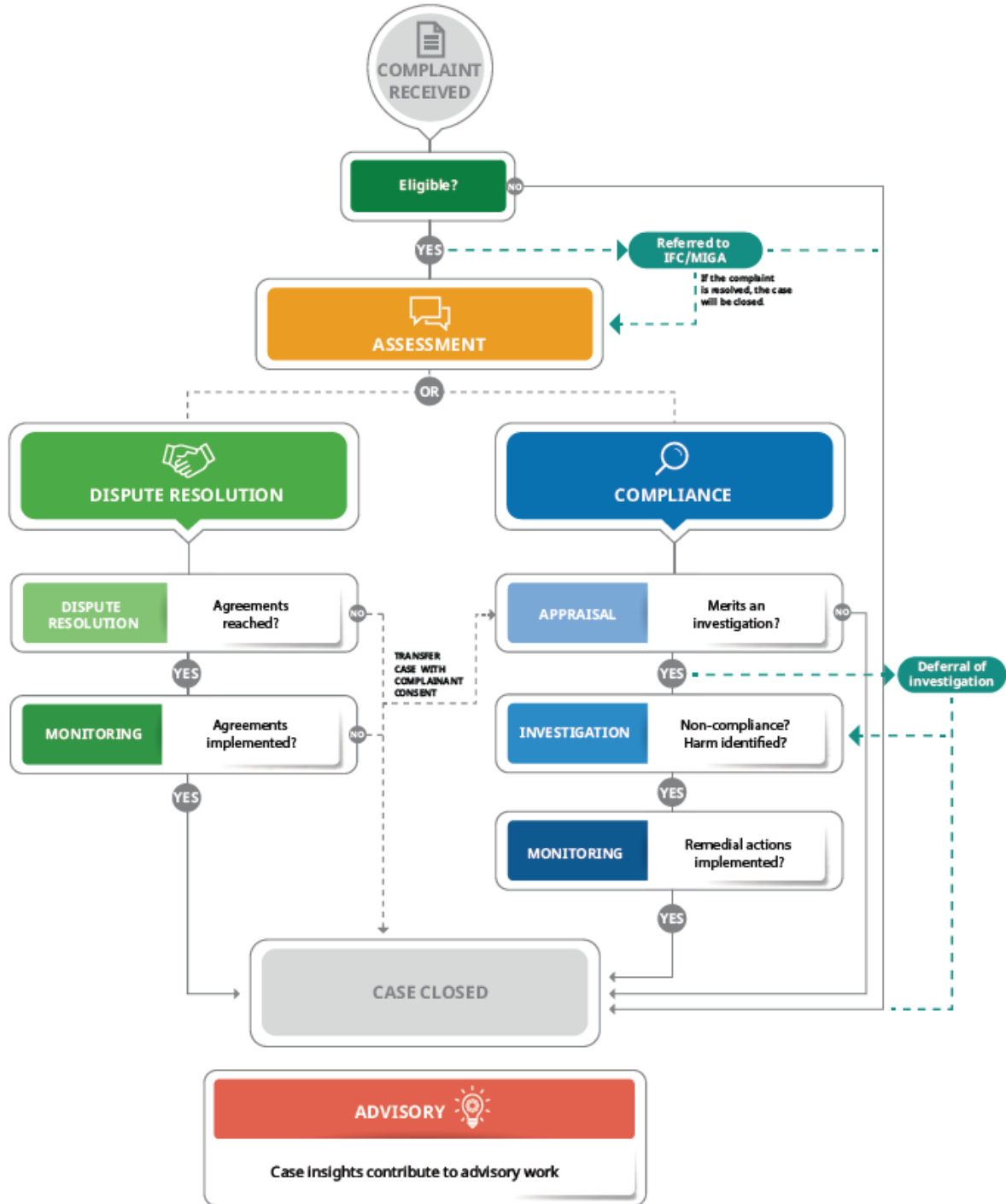
6 Conclusion & Next Steps

During the assessment process, the company did not engage with the CAO team. As there is no agreement between the parties on proceeding with a CAO-facilitated dialogue process, the case is being transferred to CAO's Compliance function for appraisal of IFC's environmental and social performance related to the project.

CAO's compliance appraisal will determine whether an investigation of IFC is warranted or whether CAO closes the case.

Appendix A: CAO Complaint Handling Process

CAO Case-Handling Process



As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgment** of receipt of the complaint.
- Step 2: **Eligibility:** A determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if, after the 90-business day period, (1) the parties confirm that resolution of the complaint is likely or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.
- Step 4: **Facilitating settlement:** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types 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 dispute resolution process, in a way that is acceptable to the parties affected.

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Affected Community Member must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

- Step 5: **Monitoring and Follow-up**