



JULY 31, 2026

Compliance Appraisal Report

CAO Compliance Appraisal of IFC Upstream Advisory Services to Dreams Hills Pvt. Ltd, Nepal

Nepal: Cable Car - 01

IFC Project # 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 www.cao-ombudsman.org.

About the Compliance Function

CAO's compliance function reviews IFC and MIGA compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate.

CAO's compliance function follows a three-step approach:

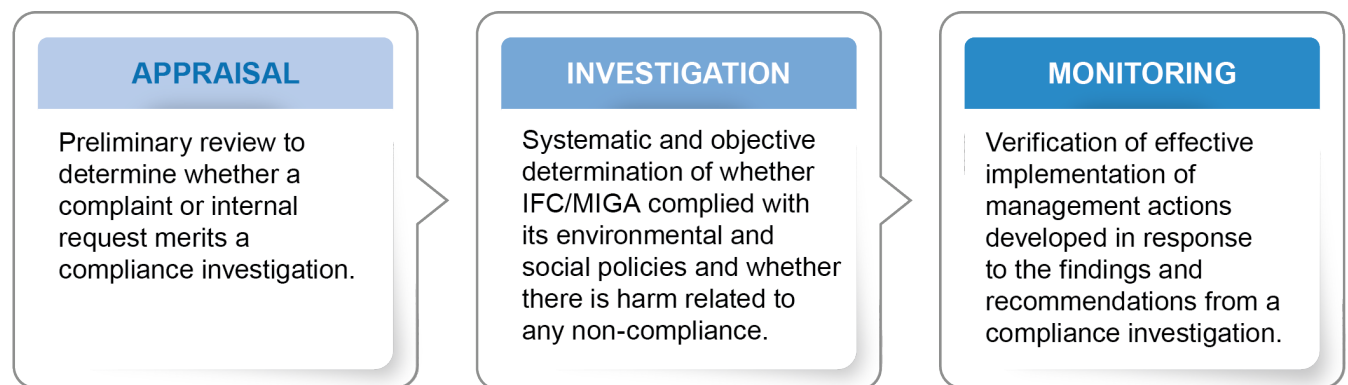


Table of Contents

About CAO..	i
Acronyms.....	iii
Executive Summary.....	1
1. Introduction.....	6
1.1. IFC Engagement and the Pathivara Cable Car Project	6
1.2. The Complaint	8
1.3. CAO Case Handling	10
1.4. IFC Management Response	10
1.5. Client Response	11
1.6. Timeline	11
2. Compliance Appraisal Scope, Methodology and Process.....	12
3. CAO Appraisal Analysis of Complaint Issues	12
3.1. Analysis of Preliminary Indications of Harm.....	13
3.2. Analysis of Preliminary Indications of IFC Non-Compliance with E&S Policies ...	18
3.2.1.Overview of IFC Obligations Under the Sustainability Framework	18
3.2.2.CAO Analysis of IFC's E&S Risk Assessment and Oversight	21
3.2.3.CAO Analysis of IFC Information Disclosure.....	23
3.3 Analysis of Plausible Link between Harm Allegations and Potential IFC Non-compliance.....	25
4. Additional Appraisal Considerations	26
5. CAO Decision.....	28
Appendices	29
Appendix 1: Complaint	
Appendix 2: IFC Management Response	
Appendix 3: Additional Appraisal Considerations	

Acronyms

AIP	Access to Information Policy
AIPNEE	The Asia Indigenous Peoples Network on Extractive Industries and Energy
AS	Advisory Services
ASPI	Advisory Services Project Information
CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
EIA	Environmental Impact Assessment
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESRP	Environmental and Social Review Procedures
ESRS	Environmental and Social Review Summary
FPIC	Free, Prior, and Informed Consent
GIIP	Good International Industry Practice
IEE	Initial Environmental Examination
IFC	International Finance Corporation
LAHURNIP	Lawyers' Association for Human Rights of Nepalese Indigenous Peoples
MIGA	Multilateral Investment Guarantee Agency
PS	IFC Environmental and Social Performance Standards
PSA	Project Services Agreement
SP	IFC Policy on Environmental and Social Sustainability

Executive Summary

This report documents CAO's preliminary compliance review in response to a complaint lodged in August 2025 about IFC's Upstream Advisory Services (Upstream AS) project involving Dreams Hills Pvt. Ltd. in Nepal. IFC closed the project in August 2024. The complaint raises various environmental and social (E&S) issues related to the Pathivara cable car included in the Upstream AS project scope. As set out in this report, CAO concludes that the complaint does not merit a CAO compliance investigation.

IFC's Engagement and the Pathivara Cable Car Project

Dreams Hills Pvt. Ltd. ("Dreams Hills" or "the client") is a tourism development company wholly owned by the chairman of IME Group, a Nepali conglomerate. In August 2022, IFC approved an Upstream AS project to support Dreams Hills in its preparation of several cable car developments in Nepal.

The engagement initially covered three cable car projects with a fourth, the Pathivara cable car, added later at the client's request. The October 2022 Project Services Agreement (PSA) set out two phases: Phase 1 focused on commercial feasibility, bankability, technical analysis, and tender support; Phase 2 covered legal and regulatory review and an E&S gap analysis against IFC Performance Standards. IFC might wish to become a project investor or lead investor in any of the cable car projects.

IFC completed an initial E&S screening prior to approval and partially implemented Phase 1 between March and September 2023, commissioning a market analysis and a technical study for the Pathivara cable car, which IFC reports produced highly positive results. However, IFC did not proceed with studies for the other cable car projects, advance tendering, or implement Phase 2. Instead, IFC paused the engagement in September 2023 and closed the Upstream AS project in August 2024 due to diverging expectations regarding potential post-advisory IFC investment.

Pathibhara Devi Darshan Cable Car Pvt. Ltd., a company of the IME Group, is the developer of Pathivara cable car, a ropeway currently under construction in Taplejung, eastern Nepal, intended to improve access to the Pathivara Devi temple area (also referred as Mukkumlung by Indigenous Limbu communities), which holds sacred significance for both Indigenous communities and Hindu pilgrims. Construction was approved by the Council of Ministers in 2018-2019, with work officially starting in January 2025.

The Complaint

On August 26, 2025, CAO received a complaint on behalf of members of the Indigenous Limbu communities in Taplejung District concerning IFC's Upstream AS project with Dreams Hills. The Lawyers' Association for Human Rights of Nepalese Indigenous Peoples acted as the complainants' legal counsel, and the Asia Indigenous Peoples Network on Extractive Industries and Energy and Recourse both as technical advisors.

The complainants allege that IFC provided advisory support for the Pathivara cable car project through the Upstream AS engagement, yet failed to ensure the client integrated IFC's E&S

Performance Standards. They argue that IFC's technical advice enabled the project to advance and contributed to alleged harms. The complaint also raises specific E&S concerns related to the Pathivara cable car's planning and construction, including:

- Alleged violations of national and international requirements due to reliance on an Initial Environmental Examination (IEE) and breaches of rights related to access to information
- Deforestation and potential impacts on endangered species and sensitive habitats, alongside alleged technical deficiencies in the IEE
- Alleged violations of Indigenous Peoples' rights and risks to critical cultural heritage
- Community security concerns, including alleged intimidation and violence against peaceful protesters, detentions, and security force deployment at the project site
- Alleged economic displacement and livelihood impacts on pilgrims' helpers, local workers, and small businesses with inadequate baseline data and impact assessment

Finally, the complainants allege shortcomings in IFC's disclosure, noting that IFC disclosed the Upstream AS project nearly two years after approval, delayed status updates after closure, and was slow to clarify the inclusion of the Pathivara cable car in the advisory scope. They argue that these delays limited their ability to engage with IFC on the Upstream AS project, file a CAO complaint, and seek remedy earlier.

IFC Management Response

IFC states that it did not advise on, finance, or otherwise support the design or development, or operation of the Pathivara cable car, and has no contractual or operational relationship with the project developer or operator, nor information on the project's financing structure or shareholders. Aligned with E&S requirements for the preparation and approval of Upstream AS, IFC conducted a preliminary E&S and contextual risk screening. The only work IFC completed under the PSA with Dreams Hills was a market analysis of Nepal's cable car sector and an internal IFC review of the technical proposal for the Pathivara cable car. IFC did not share these reviews with the client. IFC did not go ahead with Phase 2—intended to include legal/regulatory review and E&S gap analysis—and did not charge fees for the engagement. The Upstream AS project was paused by mutual agreement in September 2023 and closed in August 2024. IFC had no subsequent engagement with Dreams Hills and learned of social unrest related to the Pathivara cable car project in January 2025. Since IFC provided no advice to the client on the Pathivara cable car, IFC argues there is no basis for non-compliance with its Sustainability Policy, and therefore there is no plausible link between its limited advisory activities and the alleged E&S Harms.

IFC acknowledges that late disclosure of the Upstream AS project may have constrained the complainants' ability to approach CAO before IFC's closure but maintains that earlier disclosure would not have affected the community's ability to engage directly with the developer.

CAO Analysis

Preliminary indications of Harm or potential Harm

CAO finds preliminary indications of Harm or potential Harm to complainants associated with the

Pathivara cable car's planning and construction. This determination is based on: (a) IFC's initial E&S screening; (b) CAO's review of media reports and literature on impacts; and (c) complainants' testimonies that CAO found broadly consistent with the risk screening. Taken together, these sources provide preliminary but credible indications that the Pathivara cable car's planning and construction may be contributing to, or may foreseeably contribute to, Harm through (a) Inadequate impact assessment and cable car project information disclosure, (b) biodiversity impacts, (c) Indigenous Peoples' rights, (d) security-related concerns, and (e) economic displacement and livelihood impacts. The consistency across IFC's risk characterization, external sources, and complainant accounts is sufficient to establish preliminary indications of Harm or potential Harm.

CAO notes that the Pathivara cable car project proceeded based on an IEE rather than a full Environmental Impact Assessment (EIA), alongside reported constraints on access to project information. In CAO's view, where impact assessments are not proportionate with potential impacts—especially for projects in sensitive areas or where cumulative impacts, contested issues, or Indigenous rights are implicated—they are less likely to generate sufficient data to inform effective avoidance, minimization, and mitigation. CAO also notes potential biodiversity impacts given the project's location near the Kanchenjunga Conservation Area and reported large-scale forest clearance, with IEE limitations potentially constraining identification of sensitive receptors and the design of avoidance and minimization measures. Risks to Indigenous Peoples' rights and cultural heritage include the alleged absence of Free, Prior, and Informed Consent, impacts within the sacred Mukkumlung area, and extensive clearing, while local communities more broadly face elevated security and human rights risks following violent confrontations and a submission to the UN Special Rapporteur. Finally, CAO flags potential livelihood impacts, given the project's potential of shifting pilgrims from trekking to riding, reducing demand for porters and guides and diverting spending from trail-based lodging and small businesses.

CAO concludes that there are preliminary indications of Harm related to IFC's Upstream AS project, arising from delayed transparency and engagement opportunities. CAO notes that IFC's disclosure of the Upstream AS project was materially delayed (approximately 22 months), along with IFC's delayed acknowledgment to the complainants regarding the inclusion of the Pathivara cable car in the Upstream AS engagement, likely caused adverse social effects by limiting transparency and reducing stakeholders' ability to identify IFC's involvement, seek information, and raise concerns about E&S risk while IFC was actively engaged. The delay also hindered stakeholders' ability to submit complaints to CAO before IFC's closure, introducing an additional procedural hurdle for post-exit complaints, compounded by the Disclosure Portal listing the project as "Active" until early 2025. Based on the available information, however, CAO does not identify a preliminary indication of Harm from the Pathivara cable car attributable to IFC's delayed disclosure, given the limited documentation typically disclosed for advisory services.

Preliminary indications of non-compliance

To assess IFC's role in any potential Harm to the complainants, CAO assessed IFC's actions against its Sustainability Policy (2012) and Access to Information Policy (AIP) (2012). CAO also considered how IFC operationalized relevant commitments through its Environmental and Social Review Procedures (ESRP) during approval and supervision of the advisory engagement.

E&S risk assessment and oversight: CAO notes that, prior to approval in August 2022, IFC conducted an initial E&S screening covering IFC Performance Standards 1–8, rated the engagement medium–high risk, and identified material risk areas with the four cable cars projects. IFC project documentation also indicates that IFC set out a pathway for conducting more detailed E&S work—such as reviewing E&S studies against the Performance Standards, advising on additional study scope, and recommending gap-closing actions—once technical and commercial feasibility was confirmed. However, IFC paused and then ended the engagement by mutual agreement and did not proceed to Phase 2, including the planned E&S gap analysis. CAO also found no evidence in IFC’s files that IFC delivered advisory outputs or provided documented E&S advice to the client. On this basis, CAO finds no preliminary indications that IFC failed to meet its Sustainability Policy obligations for pre-approval screening and oversight of this Upstream AS engagement.

The complainants raised E&S concerns about Pathivara cable car planning and construction. IFC’s involvement remained limited to the Upstream AS engagement and did not progress to providing project-specific advice to the client or the Pathivara cable car developer. In light of IFC’s early termination of the engagement and limited role up to that point, CAO concludes that there are no preliminary indications of IFC non-compliance with the Sustainability Policy in relation to the project-level concerns raised.

Upstream AS project information disclosure: IFC did not disclose the Upstream AS project until July 2, 2024, approximately 22 months after approval, greatly exceeding the AIP’s 60-day disclosure requirement. IFC cited lack of client approval as the reason for the delay. However, CAO notes that AIP does not make disclosure contingent on client consent. CAO also found no evidence that IFC documented a policy-based justification for delaying disclosure, considered AIP-consistent alternatives (such as disclosure with limited redactions), or obtained the required internal approvals for a departure from the AIP’s disclosure timeline. Moreover, CAO observes that IFC did not promptly update the Upstream AS project’s public status after IFC’s closure, leaving it listed as “Active” until February - April 2025, contrary to the AIP’s emphasis on timely disclosure. CAO therefore finds preliminary indications of IFC non-compliance with its AIP requirements.

Plausible link between alleged Harm and IFC potential non-compliance

While CAO finds preliminary indications of Harm or potential Harm related to the Pathivara cable car project, it finds no preliminary indications of IFC non-compliance with its Sustainability Policy for pre-approval E&S screening and supervision of the Upstream AS engagement. Given this determination and IFC’s limited involvement and lack of project-specific advice to the client, CAO does not find the alleged harms related to the Pathivara cable car project attributable to IFC and concludes that a plausible link cannot be established.

CAO identifies preliminary indications that IFC did not comply with its Access to Information Policy due to delayed disclosure of the Upstream AS project. However, CAO concludes there is no plausible link between this potential non-compliance and the alleged environmental and social Harms from the Pathivara cable car project because IFC’s involvement was limited to advisory support; it did not finance the project, did not provide project-specific E&S advice to the client or

agree upon project-specific E&S requirements, and closed the Upstream AS project before conducting the contemplated E&S work.

Additional appraisal considerations

As required by the CAO Policy (para. 92), CAO considered additional factors following IFC's exit from the Upstream AS project in August 2024, as well as ongoing relevant judicial and non-judicial processes. In relation to paragraph 92a, CAO concluded that a compliance investigation would not provide particular value for accountability, learning, or remedial action. In relation to paragraph 92b, CAO notes the relevance of ongoing proceedings in Nepal, considering issues related to the Pathivara cable car project. These proceedings include three pending Supreme Court cases and a government-led multi-stakeholder task force reviewing alleged irregularities and procedural deficiencies. As CAO has determined that the requirements for a compliance investigation under paragraph 91 of the CAO Policy have not been met, it is not necessary for CAO to reach a conclusion as to whether these processes would affect a decision under paragraph 92b.

CAO Decision and Next Steps

CAO determines that the complaint relating to the IFC Upstream Advisory Services to Dreams Hills Pvt. Ltd in Nepal does not merit a compliance investigation and has closed the case.

1. Introduction

This section provides an overview of IFC's Upstream Advisory Services (Upstream AS) project with Dreams Hills Pvt. Ltd, Nepal (IFC Project # 607394 Nepal Cable Car),¹ the complaint to CAO (attached as Appendix 1), and IFC's Management Response (attached as Appendix 2). It also includes a timeline for the IFC project and CAO case.

1.1. IFC Engagement and the Pathivara Cable Car Project

IFC's Upstream Advisory Services Engagement

On August 31, 2022, IFC approved the Upstream AS project with Dreams Hills Pvt. Ltd ("Dreams Hills" or "the client"),² supporting client preparation to develop several cable car operations in Nepal.³ The nature of IFC's Upstream AS project was an advisory engagement, structured as early-stage market and project preparation activities under a Project Services Agreement, to stimulate and create conditions or opportunities for which IFC would be willing and likely be a financial partner.⁴ The Upstream AS project with Dreams Hills did not involve IFC financing, implementation of any cable car construction, or firm-level support for managing client risks and improving their performance. IFC's Disclosure Portal describes the Upstream AS project as covering technical and tendering support for cable car installations, assessment of commercial and financial feasibility, Environmental Impact Assessment (EIA) gap analysis and recommendations for remedial measures, review of legal and regulatory frameworks for each project, and advice on corporate governance and structuring of the corporate entity, which will be responsible for cable car operations.⁵ However, as described below, IFC did not implement the later phase of the engagement that would have covered the environmental and social (EIA gap analysis) work.

The client, Dreams Hills, is a specialized investment, consulting, and development company within Nepal's tourism and mobility infrastructure sector that is fully owned by the co-founder and chairman of IME Group.⁶ Established in 2001, IME Group is one of Nepal's major conglomerates with diverse interests across banking, insurance, trading, and hospitality.⁷ Dreams Hills is therefore linked to the broader IME Group, which also includes entities involved in cable car development and operations since 2016.⁸

According to IFC, the Upstream AS project initially included three cable car developments, with

¹ IFC Disclosure Portal, Summary of Advisory Services Project Information, Nepal Cable Car, Project #607394, available at: <https://bit.ly/4h9ytdw>.

² Dreams Hills Pvt. Ltd., the client for the Upstream AS project, is not the developer of the Pathivara Cable Car. According to publicly available information, the developer of the Pathivara Cable Car is Pathibhara Devi Darshan Cable Car Pvt. Ltd., which was registered in 2015. Both entities are part of the IME Group. See Nepal News, Everything You Need to Know About Pathibhara/Mukku Lung Cable Car Controversy, available at: <https://bit.ly/4vNHmOy>.

³ IFC Disclosure Portal, Summary of Advisory Services Project Information, Nepal Cable Car, Project #607394. Also see IFC Management Response, April 30, 2026.

⁴ IFC Working Upstream, available at: <https://bit.ly/4baga4t>.

⁵ IFC Disclosure Portal, Summary of Advisory Services Project Information, Nepal Cable Car, Project #607394.

⁶ See Dreams Hills Pvt. Ltd website, available at: <https://bit.ly/4bxQFKe>.

⁷ See IME Group website, available at: <https://bit.ly/44pqQly>.

⁸ See IME Group website, Tourism & Hospitality, available at: <https://bit.ly/4wqBbzK>.

the Pathivara cable car added later at the client's request, which triggered the CAO complaint. The Project Services Agreement (PSA) signed by IFC and Dreams Hills in October 2022 encompassed two phases.⁹ The scope of services for Phase 1 included conducting a commercial feasibility and business financial plan to support client design strategies that would enhance the economic viability of each project, along with technical analysis and tendering. Phase 2 was intended to cover the legal/regulatory review and environmental and social (E&S) gap analysis against IFC Performance Standards (PS).¹⁰ The PSA acknowledged that IFC might wish to become an investor or lead investor in any of the cable car projects.

IFC conducted an initial E&S screening before the Upstream AS project was approved. It then partially implemented Phase 1, from March to September 2023,¹¹ engaging two consulting companies to develop a market analysis and a technical study focused on the planned Pathivara cable car operation, which according to IFC delivered highly positive results. CAO understands that these Phase 1 studies were prepared in the context of IFC's Upstream AS engagement and did not include project-specific E&S advice to the client or the Pathivara cable car developer. However, IFC did not proceed with the studies for the other three cable car projects, or with tendering, and did not implement Phase 2.¹² Instead, the PSA was paused by mutual agreement in September 2023, and IFC closed the Upstream AS project in August 2024 due to diverging expectations regarding potential post-advisory IFC investments.¹³

The Pathivara Cable Car Project

The Pathivara¹⁴ cable car project is a 2.7-kilometer-long ropeway intended to improve access to the Pathivara Devi temple area in Taplejung, eastern Nepal. The Pathivara shrine has long been a major pilgrimage destination, especially during peak seasons and festivals, with devotees traditionally reaching it through arduous travel and a steep uphill walk. The site features a dual sacred identity, recognized simultaneously as Mukkumlung by local Indigenous Limbu and Kirat groups who hold the landscape sacred under ancestral, nature-based traditions, and as Pathivara by Hindu pilgrims who revere it as an abode of the goddess Shakti.¹⁵

The Pathivara cable car was first proposed in 1994,¹⁶ and gained momentum in 2015 with the registration of Pathibhara Devi Darshan Cable Car Pvt. Ltd. as the developer, which is a company

⁹ IFC Management Response, April 30, 2026.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ Pathivara can also be spelled as Pathibhara and is the term used by Hindus and Buddhists. It is referred to as Mukkumlung by the Indigenous Limbu community, as noted in the complaint.

¹⁵ Bal Bahadur Tamang, Tribhuvan University, Pilgrimage Tourism and Economic Development: A Case Study of Pathibhara Temple, Taplejung, Nepal, December 2024, available at: <https://bit.ly/44gTNGH>. Also see Lawyer's Association for Human Rights of Nepalese Indigenous People, Mukkumlung (in Khas Nepali language – "Pathibhara") - the sacred lands of Limbu Indigenous Peoples, available at: <https://bit.ly/4yBeQS4>. Pathivara is also a sacred site for many Buddhists, see Nepal Tourism Board, available at: <http://bit.ly/4fzbYww>.

¹⁶ Onlinekhabar, Pathibhara cable car controversy: Why a 3-decade-old plan faces resistance, available at: <https://bit.ly/3STL2Qj>.

of the IME Group,¹⁷ though implementation subsequently stalled.¹⁸ This developer entity and Dreams Hills (IFC's Upstream AS client) both are linked to the IME Group. The government then approved an Initial Environmental Examination (IEE) in November 2017¹⁹ and designated the Pathivara cable car project as a National Priority in 2018,²⁰ with the Council of Ministers approving its construction in 2018-2019.²¹ Construction officially began in January 2025,²² after IFC's closure of its Upstream AS engagement in August 2024. Information provided by the complainants indicates that forest clearance along the cable car route and construction of the base station are underway as of this appraisal.

1.2. The Complaint

On August 26, 2025, CAO received a complaint filed on behalf of members of the Indigenous Limbu communities from the Taplejung District (the complainants), in relation to IFC's Upstream AS engagement with Dreams Hills. The Lawyers' Association for Human Rights of Nepalese Indigenous Peoples (LAHURNIP) acted as legal counsel to the complainants, and the Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE) and Recourse both served as technical advisors to the complainants.

The complaint argues that IFC provided advisory support to Dreams Hills on the Pathivara cable car project through the Upstream AS engagement and conducted E&S risk screening that revealed material risks, yet failed to ensure that the client integrated relevant IFC Performance Standards into its planning and implementation processes. The complainants assert that IFC's technical advice on cable cars allowed the project to move forward and contributed to the alleged harms to communities. They also argue that IFC did not leverage its influence with the IME Group to address E&S and Indigenous rights issues.

The complaint lists wide-ranging environmental and social concerns over the Pathivara cable car's planning and construction, including:

- **Violations of national and international laws:** The complainants allege that the Pathivara cable car project violated national law by being approved without an appropriate impact assessment, using an IEE only despite significant E&S impacts. They claim breaches of Indigenous Peoples' rights under the Nepali constitution and international law, including Indigenous participation, Free, Prior, and Informed Consent (FPIC), cultural participation, and heritage protection. They further allege that their rights under national law to access information and to transparency regarding project activity were ignored.

¹⁷ Nepal News, Everything You Need to Know About Pathibhara/Mukkumlung Cable Car Controversy.

¹⁸ Onlinekhabar, Pathibhara cable car controversy: Why a 3-decade-old plan faces resistance?

¹⁹ Nepal's Ministry of Physical Infrastructure and Transport gave approval. Himalkhabar, Pathibhara Cable Car: Environmental Study Report of Pung Na Puchar, available at: <https://bit.ly/4wtDJx5> in Nepali.

²⁰ The Kathmandu Post, Are Koshi protesters using cable car issue to stay relevant?, available at: <https://bit.ly/4vkebBw>.

²¹ Spotlight, Cable Car Enhances Identity And Living Standards Of Citizens, available at: <https://bit.ly/44Yqyll>.

²² Enewspolar, Construction of Pathibhara Devi Mukumlung Darshan Cable Car begins, available at: <https://bit.ly/4yarffs>.

- **Deforestation and threat to endangered species:** The complainants allege the Pathivara cable car IEE is technically inadequate, identifying only four of 112 tree species in the project area, and that sacred forest was cleared without consent, reportedly felling about 10,000 trees. They also allege corridor clearing has damaged endangered species habitat near the Kanchanjunga Conservation Area and destroyed CITES-listed plants,²³ without an adequate impact study.
- **Violation of Indigenous Peoples' rights and concerns about cultural heritage:** The complainants allege that the rights of the Limbu Indigenous Peoples have been repeatedly violated. They cite concerns related to militarization, intimidation, and violence by the paramilitary police force²⁴ and the civil police, the lack of meaningful consultation, the absence of FPIC, and insufficient disclosure. In addition, they argue that the Pathivara cable car IEE failed to recognize the Limbu identity and their ancient tradition and cultural philosophy. They assert that Pathivara (Mukkumlung) is a sacred mountain, home to trees and plants of spiritual and cultural significance for the Limbu Indigenous Peoples. As such, they believe it should be regarded as critical cultural heritage, necessitating heightened due diligence and efforts to avoid impact.
- **Community security concerns:** The complainants allege that the government deployed security forces at the Pathivara cable car site, creating an atmosphere of repression, fear of retaliation, and insecurity for Indigenous communities. They report intimidation and violence against, and arrests and detention of, peaceful protesters by the paramilitary police force and civil police, including use of live fire, specifically noting incidents in November 2024, January and February 2025. They claim the paramilitary police force was present when the project developer felled trees to clear the project route in May 2024.
- **Economic displacement and loss of livelihood:** The complainants allege the Pathivara cable car will displace around 800 Indigenous and local pilgrims' helpers and negatively affect about 4,000 dependents, while also harming small businesses and hotel/transport workers. They argue the IEE failed to adequately identify affected groups, establish livelihood baselines, or properly assess impacts and compensation needs, partly due to limited consultation.

In addition, the complainants argue that IFC's flawed disclosure of the Upstream AS project hindered their ability to engage with IFC and file a timely complaint with CAO, limiting their opportunity to seek justice. They point out that IFC publicly disclosed the Upstream AS project nearly two years after it was approved and initiated, and shortly before closing the Upstream AS project in August 2024. They also claim that IFC delayed updating the Upstream AS project's

²³ CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, is an international agreement between governments. Over 41,000 species – including roughly 34,358 species of plants – are protected by CITES against over-exploitation through international trade. See CITES, CITES-listed species, available at: <https://bit.ly/4ysCFeW>.

²⁴ In Nepal, the paramilitary police force is a paramilitary law enforcement and security agency established in 2001 under the Ministry of Home Affairs. See <https://bit.ly/4ftsFJE>.

status post-closing, and that IFC was slow to respond to requests for information on whether the Pathivara cable car was part of the Upstream AS project.

1.3. CAO Case Handling

CAO received the complaint on August 26, 2025, one year after IFC's Upstream AS project closed in August 2024. On December 12, 2025, CAO deemed the complaint eligible under the CAO Policy's provision to allow post-exit complaints for up to 15 months under exceptional circumstances. During CAO's subsequent assessment process, Dreams Hills did not engage with CAO, and there was therefore no agreement between IFC's former client and the complainants to proceed with a CAO-facilitated dialogue process. In line with CAO's Policy, the complaint was therefore transferred to CAO's Compliance function in April 2026 for appraisal.

1.4. IFC Management Response

IFC's Management Response to the complaint states that IFC did not finance, advise, or otherwise support the design, development, or operation of the Pathivara cable car. It emphasizes that IFC has no contractual or operational relationship with the Pathivara cable car project developer or operator and received no information about the cable car project's financing structure or shareholders.

According to IFC, the only work IFC completed under the PSA with Dreams Hills, which was signed in October 2022, was a market analysis of Nepal's cable car sector and an internal IFC review of the technical proposal for the Pathivara cable car. IFC states that both studies were conducted under Phase 1 of the Upstream AS project and were not shared with the client. IFC did not proceed to Phase 2 implementation and did not charge the client any fees. As a result, the engagement never reached the stage of providing advice to the client on any specific project, including the Pathivara cable car.

IFC's Management Response states that it paused the engagement by mutual agreement with Dreams Hills in September 2023, closed the Upstream AS project in August 2024, and had no further engagement with the client. The Management Response also states that IFC learned of social unrest in connection with the Pathivara cable car project's development in January 2025, six months after project closure.

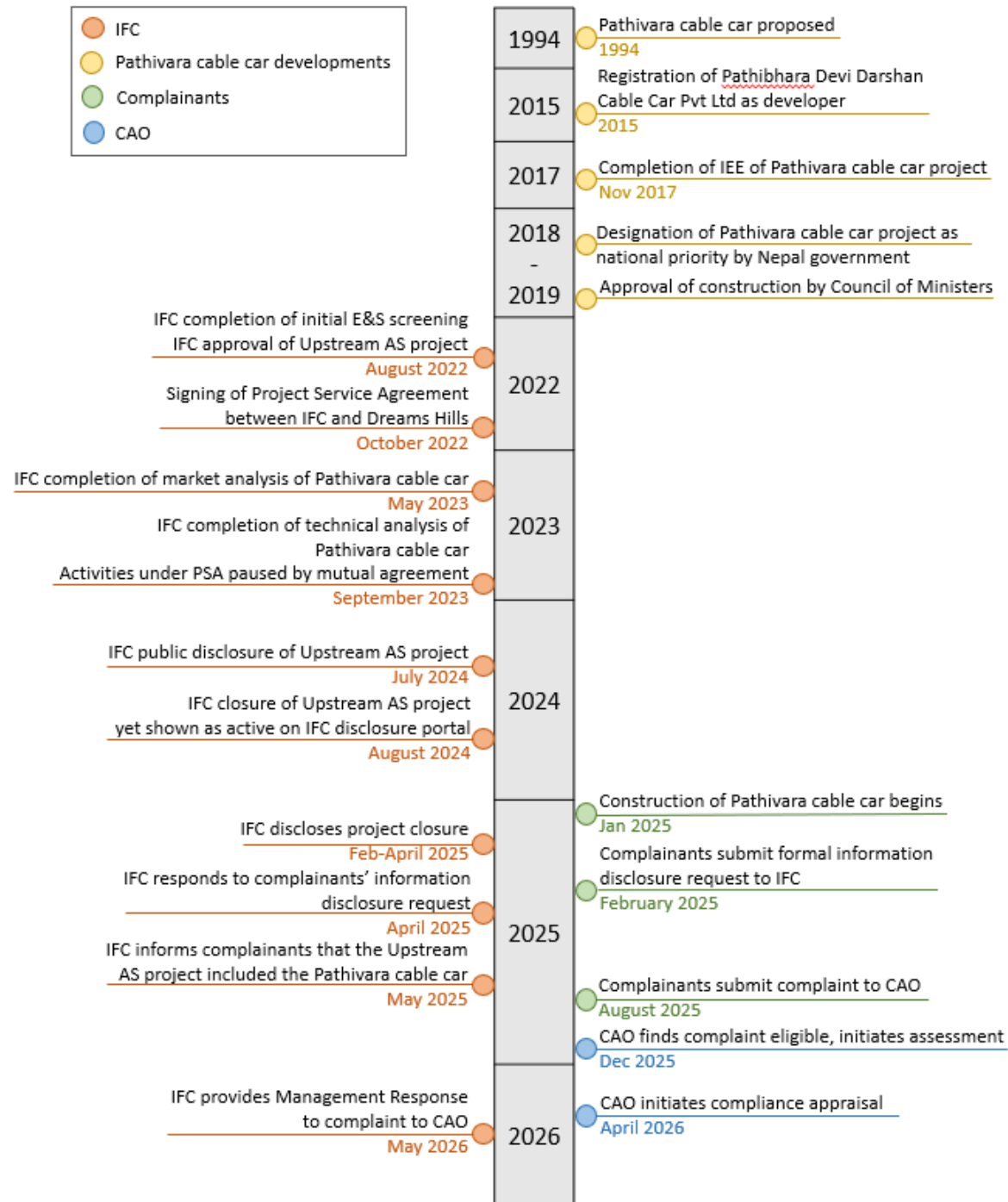
Based on the above, IFC argues that there is no plausible link between its advisory work and any alleged environmental or social harm related to the Pathivara cable car currently under construction. Since IFC provided no E&S advice to the former client, in IFC's view there is no possibility of non-compliance with its Sustainability Policy.

IFC's Management Response does acknowledge that the timing of the public disclosure of its Upstream AS project in July 2024 may have constrained the complainants' ability to approach CAO before IFC's closure. However, IFC maintains that earlier disclosure would not have impacted the complainants' ability to engage directly with the Pathivara cable car developer.

1.5. Client Response

CAO did not receive a statement from the client, Dreams Hills, in relation to this compliance appraisal.

1.6. Timeline



2. Compliance Appraisal Scope, Methodology and Process

The scope of this compliance appraisal²⁵ is limited to issues raised in the complaint²⁶ and CAO's Assessment Report of March 2026.²⁷ A CAO appraisal involves a preliminary review of available information. It does not lead to any definitive assessments or findings of Harm or IFC non-compliance²⁸ but provides an analysis of three appraisal criteria required to determine whether to initiate a CAO compliance investigation. These criteria are:

- a) Whether there are preliminary indications of Harm or potential Harm;
- b) Whether there are preliminary indications that IFC may not have complied with its E&S policies; and
- c) Whether the alleged Harm is plausibly linked to the potential IFC non-compliance.

CAO's appraisal decision is based on these criteria and other relevant considerations in the CAO Policy. For this case, CAO conducted a preliminary review of the following information:

- Documentation related to the complaint, including the letter of complaint, CAO's Assessment Report, and IFC's Management Response²⁹
- Project documentation shared by IFC and information publicly available on IFC's disclosure portal
- Information collected through communications with the complainants and IFC staff
- Publicly available information.

Under the CAO Policy,³⁰ CAO also took into account the following relevant additional considerations (see also Section 4):

- IFC's closure of the Upstream AS project in August 2024
- The existence of pending or ongoing judicial or non-judicial proceedings in relation to the Pathivara cable car project.

CAO extends its appreciation to all parties mentioned in this report who have shared their perspective, knowledge, and time with the CAO Compliance team.

3. CAO Appraisal Analysis of Complaint Issues

This section presents CAO's analysis and findings on whether the complainants' concerns about IFC's Upstream AS project with Dreams Hills in Nepal merit a CAO investigation. The analysis

²⁵ CAO Policy, para. 88.

²⁶ See Appendix 1 Original Complaint.

²⁷ CAO Assessment Report Regarding Nepal Cable Car – 01 in Nepal, March 2026, available at: <https://bit.ly/4frQZwx>.

²⁸ CAO Policy, para. 94.

²⁹ IFC Management Response, April 30, 2026. See Appendix 2.

³⁰ CAO Policy, para. 92.

addresses preliminary indications of Harm and potential IFC non-compliance, as well as whether any alleged Harms are plausibly linked to non-compliance.

Based on the analysis below of IFC's E&S-related obligations and actions, in this case CAO determines that the complaint does not meet the criteria for a compliance investigation under paragraph 91 of the CAO Policy. CAO will proceed to close the case.

3.1. Analysis of Preliminary Indications of Harm

The CAO Policy defines Harm as “any material adverse environmental and social effect on people or the environment resulting directly or indirectly from a Project or Sub-Project. Harm may be actual or reasonably likely to occur in the future.”³¹ A preliminary indication of Harm or potential Harm is determined when CAO's initial review of available information during appraisal generates a plausible or credible concern that Harm has happened or is reasonably likely to occur. It is not equivalent to a finding of Harm, which may only result from a compliance investigation.³²

Preliminary indications of Harm or potential Harm associated with the Pathivara cable car

Based on a review of available information, CAO finds preliminary indications of Harm or potential Harm to complainants associated with the planning and construction of the Pathivara cable car. CAO's determination of Harm or potential Harm is supported by:

- a) IFC's initial E&S screening, which identified this Upstream AS project as medium-high risk, and included E&S risks relevant to the complaint issues
- b) CAO's review of local and international media reports and literature on adverse impacts or potential adverse impacts from the Pathivara cable car development on communities and the environment
- c) The complainants' testimonies, which CAO notes, are consistent with IFC's initial risk screening.

The analysis below covers potential Harm related to alleged inadequate E&S impact assessment and access to cable car project information, biodiversity, Indigenous Peoples' rights and cultural heritage, the cable car project area's local security environment, and potential economic displacement.

- **Inadequate impact assessment and cable car project information disclosure:** CAO understands that an Initial Environmental Examination (IEE) is a preliminary assessment typically required in Nepal for projects expected to have moderate environmental impacts. IEEs identify key risks, propose mitigation measures, and include public consultation, but follow a streamlined and localized review process. Projects with potentially significant impacts require a more comprehensive Environmental Impact Assessment (EIA),

³¹ CAO Policy, glossary. References to "harm" that are not capitalized should be read in accordance with the ordinary and customary meaning given to such term.

³² Paragraph 94 of the CAO Policy establishes that “the appraisal process does not lead to a definitive assessment of IFC/MIGA's compliance with its E&S Policies or related Harm. CAO may make these assessments only in the context of an investigation.”

involving detailed studies and more stringent regulatory scrutiny. This process includes multiple formal consultations and a widely publicized public hearing—usually held at or near the project site—to gather input from affected communities.³³

In this case, the complainants claim the Pathivara cable car project clearly presented significant adverse impacts on the environment, pointing out that 10,000 trees have been felled for its construction, yet the government approved the use of an IEE in November 2017 rather than a full EIA. CAO notes that when the scope of an impact assessment is not commensurate with a project's potential impacts, it can increase the likelihood that material risks are overlooked, and that mitigation and monitoring arrangements are insufficient. In CAO's view, this risk is heightened where a project is located in or near sensitive areas and where impacts may be cumulative, contested, or involve Indigenous Peoples' rights and cultural heritage. In such circumstances, a streamlined assessment process is less likely to generate the level of baseline data, alternatives analysis (including siting and design options), cumulative impact assessment, and structured consultation and disclosure needed to inform effective avoidance, minimization, and mitigation measures. Where these elements are limited, affected communities may also have fewer opportunities to understand the project, raise concerns, and influence mitigation measures before construction proceeds.

The complainants also reported constraints on access to project information. They made several unsuccessful attempts to request the IEE in 2022 and 2023 and submitted two requests under the Right to Information Act to Nepal's Ministry of Physical Infrastructure and Transport in November 2025 and January 2026. According to the complainants, the Ministry responded to their second request by providing an incomplete copy of the IEE. CAO notes that this limited disclosure may have reduced affected communities' ability to understand and respond to project impacts.

- **Biodiversity impacts:** IFC's initial E&S screening for the Upstream AS project in August 2022 categorized Nepal as high risk for government capacity in natural resource and protected-area management. Specifically, IFC noted that national regulations do not require assessment of natural habitats as part of development project EIAs or Biodiversity Management Plans, even in cases where significant impacts are identified. IFC's screening assessed the Pathivara cable car project as medium-risk, stating that any loss of natural forest would need to be offset to achieve no net loss. It also flagged the need for additional critical-habitat screening and biological surveys, including for mammals and soaring birds, given risks such as induced access from roads/pylons and bird collisions with cable ropes. The complainants report that since May 2024 around 10,000 trees have been cleared. Available research indicates that large-scale forest clearance for transport infrastructure can reduce biodiversity and disrupt Indigenous and local livelihoods.³⁴ CAO notes that the Pathivara cable car project is located in Taplejung on the edge of the

³³ Common Law Chambers, IEE and EIA Approval Process in Nepal: Laws, Procedure & Key Differences, available at: <https://bit.ly/4wwiUBb>. Also see Prabin Kumar Yadav, Kathmandu School of Law, Initial Environmental Examination (IEE) Approval Process in Nepal: A Legal and Regulatory Analysis, available at: <https://bit.ly/4bf6a9U>.

³⁴ WWF, Deforestation and forest degradation, available at: <https://bit.ly/4w0rGb0>.

protected Kanchenjunga Conservation Area, a biodiversity-rich landscape that contains approximately 2,000 flowering plant species and mammals of conservation significance including red panda and snow leopard, which have been assessed for the IUCN Red List of Threatened Species³⁵ and listed as “Endangered” and “Vulnerable,” respectively.^{36,37} CAO notes that as an IEE generally provides a less detailed baseline and impact assessment than an EIA, the information available to the Pathivara cable car developer to identify, avoid, or minimize impacts may have been more limited.

- **Indigenous Peoples’ rights:** IFC’s initial E&S screening identified Indigenous Peoples presence in the project areas and noted gaps between national requirements and IFC’s Performance Standard 7: Indigenous Peoples. These included gaps in how the national law treats vulnerability or differential impacts on Indigenous Peoples, including lack of a requirement for an Indigenous Peoples Plan, a focused social assessment of Indigenous communities, or FPIC by project-affected Indigenous Peoples and communities, where warranted. In addition, relevant national law provides limited requirements for culturally appropriate consultation and consent regarding development projects. The complainants’ testimony states that the IEE did not adequately identify the Limbu people’s distinct identity, customary relationship with the area, and associated cultural and spiritual values. They also state that, for the Pathivara cable car project, neither Dreams Hills nor the developer conducted an FPIC process with Limbu Indigenous Peoples, and the developer held confidential meetings with a few individuals and members of other communities without informing the legitimate representatives of the Limbu people, claiming consultations had occurred.

Regarding subsequent harm to Indigenous territory, complainants testified to CAO that the total land area used by the base station, top station, and cable car alignment is 12.43 hectares, with approximately 10 hectares of forest cleared. Tree clearance extended from the base station to the summit and included the surrounding mountain, which is part of the sacred Mukkumlung area. Along this route, which includes numerous sacred cultural heritage sites traditionally used for worship, complainants testified that a strip of forest was cleared—about 25 meters wide in some sections and up to 50 meters wide in others. CAO notes that where an assessment does not recognize Indigenous Peoples and their ties to land and heritage, it may fail to identify and mitigate risks such as impacts on sacred sites and cultural practices, erosion of cultural heritage, and heightened community tensions arising from inadequate consultation and lack of culturally appropriate mitigation measures. The construction of the 2.7-kilometer-long cable car, including large-scale tree cutting, may have disrupted traditional practices of pilgrimage and offerings and damaged Limbu ancient cultural heritage.

³⁵ The International Union for Conservation of Nature’s Red List of Threatened Species (IUCN) evaluate the extinction risk of animals, fungi and plants. It divides species into nine categories: Not Evaluated, Data Deficient, Least Concern, Near Threatened, Vulnerable, Endangered, Critically Endangered, Extinct in the Wild and Extinct. See the IUCN Red List of Threatened Species, available at: <https://bit.ly/4pCTxeR>.

³⁶ IUCN Red List, Red Panda, available at: <https://bit.ly/4yzrocR>.

³⁷ IUCN Red List, Snow Leopard, available at: <https://bit.ly/44IYNN>.

- **Security risks:** IFC's initial E&S screening for the advisory project flagged security and human rights risks in Nepal, including issues associated with the use of both private and public security. CAO notes local and international media documentation of social unrest and incidents of violent confrontations and injuries, which is consistent with an elevated risk of harm.³⁸ CAO further notes that LAHURNIP, the complainants' legal counsel, submitted an urgent communication to the UN Special Rapporteur on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment in February 2025. It alleged that the government deployed its paramilitary police force to protect tree clearance for the Pathivara cable car in 2023, and that over 45 civil police and over 70 paramilitary police force personnel were deployed at the project site in November 2024 with a paramilitary police force camp established there. The LAHURNIP urgent communication also contended that paramilitary police force and civil police actions during protests in November 2024 and January 2025 resulted in five severe and fifty minor injuries to Indigenous protesters and community members. The complainants also provided photos of injured individuals.
- **Economic displacement and loss of livelihoods:** IFC's initial E&S screening also identified gaps between national regulations and IFC client requirements mandated by Performance Standard 5: Land Acquisition and Involuntary Resettlement. These gaps included lack of project-related compensation for temporary business disruptions and for informal settlers, and insufficient provisions for replacement-cost valuation, relocation support, and livelihood restoration. IFC also noted the absence of measures for vulnerable groups affected by the cable car project and the need for meaningful consultation. Specifically, it noted the presence of small hotels, lodges, and other rest stops along various sections of the route planned for the Pathivara cable car. CAO notes potential livelihood impacts on Indigenous and local residents reliant on pilgrimage-related tourism. The Pathivara Devi Temple, located at an altitude of 3,794 meters, received a total of 231,334 visitors during the 2023/2024 fiscal year, as officially recorded by the Pathibara Area Development Committee.³⁹ The hike from the base camp at Kaflepati to the temple summit covers roughly five kilometers and typically takes three to four hours to complete. Along the route, trekkers often hire local guides and support local businesses.⁴⁰ The Pathivara cable car would connect the roadhead at Kaflepati to the summit, reducing travel time to about ten minutes and designed to carry up to 1,000 pilgrims an hour.⁴¹ Accordingly, this could decrease the demand for porters, guides, lodging, and stalls along the trekking route. Media reports state that the Pathivara cable car threatens the livelihood

³⁸ Global Press, Rural Nepalis Fight Cable Car Project on Sacred Himalayan Mountain, available at: <https://bit.ly/44pt7U6>. Also see The Kathmandu Post, Pathibhara cable car protest resurges. Several injured, available at: <https://bit.ly/3Ru1iXM>; and GlobalVoices, Pathibhara Temple Cable Car Project: Protecting Indigenous rights versus development in Nepal, available at: <https://bit.ly/4f30hh5>.

³⁹ Tourism Info Nepal, Over 231,000 Devotees Visit Pathivara Devi Temple in a Year, available at: <https://bit.ly/4wYpDE7>.

⁴⁰ Himalaya Exploration Tours and Travel, Pathibhara Darshan Package: A Sacred Pilgrimage Tour to the Eastern Shakti Peeth, available at: <https://bit.ly/4bcBNks>. Also see: Nepal News, Everything You Need to Know About Pathibhara/Mukku Lung Cable Car Controversy.

⁴¹ Nepal News, Everything You Need to Know About Pathibhara/Mukku Lung Cable Car Controversy.

of more than 600 porters, 30 small businesses and 1,700 households.⁴² CAO notes that proceeding with the construction of the Pathivara cable car project on the basis of an IEE potentially under-assesses the risks and impacts to the affected groups and their livelihoods. The inadequate E&S assessment, coupled with the limited consultations conducted with affected people, hinders the developer's ability to minimize and mitigate negative impacts on those displaced.

Taken together, CAO finds preliminary indications of Harm or potential Harm caused by the planning and construction of the Pathivara cable car project in relation to potential negative effects on the livelihoods and security of Indigenous Peoples and local community members, as well as the local environment.

Preliminary indications of Harm or potential Harm resulting from IFC delayed disclosure

Regarding the complainants' allegation that IFC's delayed disclosure hindered their ability to engage with IFC on the Upstream AS project in a timely manner, CAO finds preliminary indications of Harm or potential Harm resulting from these IFC shortcomings. CAO reaches its conclusion based on the following:

On August 31, 2022, IFC approved the Upstream AS project under its Access to Information Policy, which requires that projects be disclosed within 60 days (by late October 2022 for this Upstream AS project). However, IFC first disclosed the project on July 2, 2024, approximately 22 months after project approval and after a substantial period of active engagement. Notably, IFC disclosed the project shortly before closing the engagement.

CAO considers that this delayed disclosure results in a preliminary indication of an adverse social effect on the complainants and other affected stakeholders by limiting their ability to identify IFC's involvement and engage IFC in a timely manner during the period when IFC was actively engaged (from late October 2022 to September 2023). In particular, timely disclosure would have enabled stakeholders to seek information from IFC and raise concerns with IFC about whether the environmental and social risks associated with the Pathivara cable car proposal under review were appropriately considered in IFC's Upstream AS engagement.

Further, the delayed disclosure potentially constrained the complainants' ability to access CAO in a timely manner. CAO Policy provides that complaints can be deemed eligible where they relate to an active IFC project. Complaints submitted after an IFC Exit are eligible only in exceptional circumstances where there are compelling reasons why the complaint could not have been made before Exit, all other eligibility criteria are met, and CAO considers acceptance consistent with its mandate.⁴³ In this instance, IFC disclosed the Upstream AS project only in July 2024 and closed in August 2024. The complainants state that they learned of IFC's involvement only in late 2024, and this delayed disclosure meant they had limited practical opportunity to prepare and submit a complaint prior to the IFC closure and faced the additional procedural hurdle of demonstrating "compelling reasons" for any post-closure submission. This constraint was compounded by the

⁴² Global Press, Rural Nepal's Fight Cable Car Project on Sacred Himalayan Mountain.

⁴³ CAO Policy, para. 49.

Disclosure Portal continuing to list the project as “Active” until February-April 2025,⁴⁴ despite IFC’s project closure, and IFC’s delayed acknowledgement to the complainants of the Pathivara cable car inclusion in the Upstream AS engagement. Taken together, this could reasonably have created uncertainty about whether IFC remained engaged and about the applicable timing requirements for bringing a complaint to CAO.

CAO notes that the preliminary indications of Harm identified here relate to IFC’s Upstream AS engagement and the consequences of delayed transparency and engagement opportunities. Based on the available information, CAO does not identify a preliminary indication of Harm from the planning and construction of the Pathivara cable car attributable to IFC’s delayed disclosure. This is because IFC’s advisory disclosure is limited in nature and does not provide substantive E&S documentation through its Disclosure Portal in relation to the Pathivara cable car (e.g., IFC does not usually disclose an ESIA or other assessment documentation as part of its AS disclosure).

3.2. Analysis of Preliminary Indications of IFC Non-Compliance with E&S Policies

For this case, CAO assessed IFC’s actions against the applicable provisions of its Sustainability Policy (2012) and Access to Information Policy (2012). To meet the commitments laid out in these policies, IFC requires its client to operate in accordance with the Performance Standards (2012). In Advisory Services engagements, IFC’s core Sustainability Policy obligation is that, within the scope of the agreed advisory activity, IFC’s advice and training are consistent with the Performance Standards. Together, these policies and standards make up IFC’s Sustainability Framework, and they define the institution’s standards with respect to E&S risk management, client requirements, and disclosure.

IFC operationalizes its commitments in the Sustainability Policy through its Environmental and Social Review Procedures (ESRP), which are updated periodically and apply to proposed AS projects. In this case, IFC approved and supervised the Upstream AS project with Dreams Hills under the ESRP Chapter 5 Interim from August 31, 2022, to September 4, 2023. An updated ESRP was formally issued on September 5, 2023, and IFC supervision transitioned to these new procedures from that date until the project’s closure. The relevant E&S obligations applicable in this case, and CAO’s analysis of potential IFC non-compliance, are summarized below.

3.2.1. Overview of IFC Obligations Under the Sustainability Framework

IFC Sustainability Policy

The Sustainability Policy includes high-level E&S commitments that apply to Advisory Services projects, stating that efforts to “carry out investment and advisory activities with the intent to ‘do no harm’ to people and the environment” are “[c]entral to IFC’s development mission.”⁴⁵ Through

⁴⁴ The complainants assert that the “Active” status displayed on the IFC Disclosure Portal until April 2025, while IFC states in its Management Response that it corrected the system and disclosed completion in February 2025.

⁴⁵ IFC, 2012 Sustainability Policy, para. 9.

its advisory activities, IFC intends to “promote broad uptake of good E&S performance in business decisions and operations.”⁴⁶ IFC’s key E&S compliance requirement in conducting AS projects is that “[w]ithin the scope of an agreed advisory activity, all advice and training will be consistent with the Performance Standards.”⁴⁷ When considering a new AS project, IFC conducts E&S due diligence during general pre-approval review.⁴⁸ If IFC identifies environmental and/or social risks, the Sustainability Policy requires that “the advice provided to clients shall be consistent with the Performance Standards as a framework of good international industry practice (GIIP) in E&S risk management.”⁴⁹ IFC monitors implementation of an AS project on an ongoing basis, with formal supervision reporting undertaken semi-annually. The supervision process includes a review and update of all key risks and issues, including those identified at the approval stage or through previous supervision reports.⁵⁰

IFC also seeks to provide accurate and timely information on its investment and advisory activities in accordance with its Access to Information Policy (AIP), recognizing the importance of information disclosure to managing E&S and governance risks.⁵¹

The ESRP Chapter 5 Interim in place at the outset of the Dreams Hills advisory project required IFC to screen for E&S risks categorized as high, medium, or low. During concept development of the Upstream AS Project, IFC was required to identify initial material risks and potential mitigations, establish an initial E&S risk level, and advise IFC Management on potential PS compliance bottlenecks in future investment opportunities. The E&S review during the pre-implementation stage of Upstream AS projects is to assess E&S issues identified during concept review, confirm the need for further E&S analysis, and develop a mitigation approach and potential E&S support activities for the project.

Relevant IFC Performance Standards

In order to meet its obligation under the Sustainability Policy, IFC’s advice should be consistent with relevant Performance Standards. The following Performance Standards (PS) are relevant to the issues raised in the complaint about IFC’s engagement with Dreams Hills.

PS1 Assessment and Management of Environmental and Social Risks and Impacts: IFC’s advice to clients provided through an AS project should be consistent with all PS1 principles and requirements. Relevant PS1 provisions include requirements relating to compliance with applicable national law (including relevant host-country obligations under international law).⁵² Additional client requirements include disclosing key project information to affected

⁴⁶ IFC, Sustainability Policy, para. 16.

⁴⁷ IFC, Sustainability Policy, para. 4.

⁴⁸ IFC, Sustainability Policy, para. 38.

⁴⁹ IFC, Sustainability Policy, para. 39.

⁵⁰ IFC, Sustainability Policy, para. 45.

⁵¹ IFC, Sustainability Policy, para. 14.

⁵² IFC, 2012, PS1, para. 5.

communities,⁵³ conducting Informed Consultation and Participation and, in specified circumstances, obtaining FPIC where Indigenous Peoples may be adversely affected.⁵⁴

PS4 Community Health, Safety, and Security: Relevant PS4 provisions address the avoidance and minimization of project-related risks to community health, safety, and security, including risks associated with the use of security personnel, including those employed by governments.⁵⁵

PS5 Land Acquisition and Involuntary Resettlement: PS5 addresses loss of income sources or livelihood caused by land acquisition or restrictions on land use.⁵⁶ If involuntary resettlement is unavoidable, it must be minimized through assessment of feasible alternatives and mitigation measures for displaced people and host communities, with attention paid to poor and vulnerable groups.⁵⁷ Provisions require clients to identify project-affected persons through a census and socio-economic baseline, consult them meaningfully throughout the process, provide compensation at full replacement cost, and take measures to restore or improve livelihoods.⁵⁸

PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources: Relevant PS6 provisions address the assessment and management of impacts on biodiversity, ecosystem services, critical habitat, and protected areas.⁵⁹

PS7 Indigenous Peoples: Relevant PS7 provisions address the identification of affected Indigenous Peoples (using qualified experts if needed) and assessment of direct/indirect impacts.⁶⁰ Where customary lands/resources are affected, IFC clients should take steps to minimize impacts and consider alternatives to avoid relocation.⁶¹ Impacts on Indigenous critical cultural heritage must be avoided or, if unavoidable, require FPIC. Any commercial use of Indigenous heritage or knowledge requires disclosure, FPIC, and fair benefit-sharing.⁶² Clients must address gaps between national law or government measures and PS7 requirements, including the use of consultations and FPIC where required.⁶³

Relevant IFC Access to Information Policy Requirements

IFC is responsible for making project-level information about its advisory services available.⁶⁴ Where it is advising external clients, IFC commits to disclosing a summary of advisory services project information within 60 days of project approval.⁶⁵

However, it may delay the disclosure of certain information because of market conditions or legal or regulatory requirements. Relevant to this case, the AIP Staff Guidebook specifies two

⁵³ IFC, PS1, para. 29.

⁵⁴ IFC, PS1, para. 32.

⁵⁵ IFC, PS4, paras. 1 and 13.

⁵⁶ IFC, PS5, para. 1.

⁵⁷ IFC, PS5, paras. 2 and 8.

⁵⁸ IFC, PS5, paras. 9, 10, and 12.

⁵⁹ IFC, PS6, paras. 6, 7, 8, and 20.

⁶⁰ IFC, PS7, paras. 1, 7–8.

⁶¹ IFC, PS7, paras. 14–15.

⁶² IFC, PS7, paras. 16–17.

⁶³ IFC, PS7, paras. 21–22.

⁶⁴ IFC, 2012, AIP, para. 8.

⁶⁵ IFC, AIP, para. 44.

implementation options. These include either not meeting the standard disclosure requirement or disclosing the project on time but removing certain identifying information initially, followed by later disclosure. Delayed information should be disclosed as soon as market sensitivities expire or legal/regulatory requirements permit, with the director responsible for the project exercising this prerogative.⁶⁶

When IFC receives requests for information under AIP, it aims to respond within 30 calendar days. If more time is needed due to the complexity of the request, IFC will contact the requester to explain the delay and provide an estimated response time.⁶⁷

3.2.2. CAO Analysis of IFC's E&S Risk Assessment and Oversight

IFC Actions

IFC project documentation framed the engagement with Dreams Hills as Upstream Advisory Services for client preparation. The project aimed to provide the client with commercial, technical, legal and E&S assistance to ensure the future bankability of each of the selected cable car projects for IFC and other national/international lenders.

IFC's initial E&S screening ahead of project approval in August 2022 reviewed four proposed cable car projects, including the Pathivara cable car, against IFC Performance Standards 1–8. The screening report rated the overall engagement as medium to high risk, while noting the assessment was based on limited project-specific information. It flagged potential risks related to the client's Environmental and Social Management System (ESMS) capacity, stakeholder engagement and grievance mechanisms, emergency preparedness, community health, safety, and security, land acquisition/resettlement, potential Indigenous Peoples impact, geohazards, biodiversity, and cultural heritage. Mitigation recommendations included a project ESMS in line with the Performance Standards and other good international industry practice (GIIP), effective stakeholder engagement, and a grievance mechanism.

Relevant to the Pathivara cable car proposal, IFC's screening flagged security and human rights risks in Nepal, including issues associated with the use of both private and public security. It also noted potential gaps between national legal requirements and PS5 requirements for the provision of compensation, livelihood restoration, relocation support, and other resettlement planning for project-affected people. Specific to the Pathivara cable car project, IFC recorded existing structures such as small hotels, lodges, and other rest stops sparsely located along different sections of the planned route.

IFC's screening further flagged potential PS6 risks related to biodiversity impacts and regulatory gaps. IFC assessed the Pathivara cable car location as a medium biodiversity risk, indicating the likely need for a Biodiversity Management/Action Plan, no-net-loss offsets for natural forest habitat, additional critical habitat screening and surveys focused on mammals and soaring birds, and mitigation for induced access impacts and bird collisions with cable ropes.

⁶⁶ IFC, AIP, para. 14.

⁶⁷ IFC, AIP, para. 57.

Regarding Indigenous Peoples, IFC's screening flagged gaps between Nepalese national law and PS7, including limited requirements for Indigenous Peoples assessment, related planning and FPIC where applicable, and culturally appropriate consultation. IFC noted that Indigenous Peoples presence was likely in some of the proposed four cable car project areas and highlighted risks from cultural heritage gaps and inadequate cable car-related assessment and construction impacts in culturally significant areas.

According to the initial E&S screening, once the technical and commercial feasibility of the cable car projects was confirmed, IFC planned to: (a) review E&S studies against IFC Performance Standards, (b) advise the client on needed E&S study scope, and (c) recommend actions to close E&S gaps, including preparing terms of reference and guiding a third-party review of E&S documentation.

During Phase 1 of the Upstream AS engagement, IFC commissioned market analysis (May 2023) and technical analysis (September 2023) of the Pathivara cable car operation,⁶⁸ noting "strong evidence" supporting its viability and potential benefits. Through its participation in the Upstream AS project, the client acknowledged IFC's Sustainability Framework and commitment to consistency with the PS and Exclusion List.

During Phase 2, IFC and the client planned to undertake an E&S gap analysis for each selected project against the Performance Standards together with IFC-recommended mitigation measures.⁶⁹ However, IFC's Management Response to the complaint states that its market and technical studies were for internal use only and that it provided no studies or advice to the client. In September 2023, the Upstream AS project was paused by mutual agreement with the client.⁷⁰ IFC charged Dreams Hills no fee, with reported project spending reflecting administrative and staff costs.

IFC's project documentation and Management Response indicate that the advisory project was subsequently closed in August 2024 due to diverging expectations regarding potential post-advisory IFC investments, a possible deal structure, and the lack of clarity on which cable car projects Dreams Hills wanted to develop.⁷¹

CAO Analysis

Based on the information available during this compliance appraisal, CAO finds insufficient basis to conclude that IFC failed to comply with its Sustainability Policy obligations in conducting E&S risk assessment and oversight of the Upstream AS engagement. CAO's rationale for this conclusion is discussed below.

IFC conducted an E&S screening prior to project approval consistent with the upstream concept-stage requirement. While noting the assessment's preliminary nature, the initial E&S screening demonstrates that IFC identified material risk areas at the concept stage, rated the engagement

⁶⁸ IFC, Management Response, April 30, 2026.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid.

as medium-to-high risk, and documented risks in line with the Sustainability Policy requirement that IFC review upstream advisory activities for E&S risk during pre-approval.

IFC also defined a PS-consistent E&S support pathway for the client. The screening and other IFC project documentation set out a sequenced approach whereby IFC would assess PS alignment, advise on further studies, and support gap-closing actions once the cable car projects' technical and commercial feasibility was confirmed.

CAO notes that the advisory project's implementation status limits the basis for assessing "advice" and ongoing oversight. According to IFC's project documentation and Management Response, and the actions and timeline outlined under IFC actions above, IFC did not provide "advice" to the client during the Upstream AS project engagement.⁷² These Phase 1 studies were prepared in the context of IFC's Upstream AS engagement and did not include project-specific E&S advice to the client or the Pathivara cable car developer.

Based on the available information, CAO finds no evidence in IFC's files that IFC delivered any advisory outputs or provided documented E&S advice to the client before the early pause and closure of the engagement.

Taken together, CAO finds no preliminary indications that IFC may not have complied with its Sustainability Policy obligations regarding E&S risk assessment and oversight of the Upstream AS project. The complainants alleged Performance Standards-related violations and harm related to the Pathivara cable car project; however, IFC's involvement was limited to an Upstream AS engagement that did not progress to providing project-specific advice to the client or the Pathivara cable car developer. Given IFC's limited engagement, CAO finds no evidence that IFC provided PS-inconsistent advice to the client during the Upstream AS project's limited implementation. Rather, the documented pre-approval screening and planned PS-consistent E&S support provide evidence that IFC considered E&S risks at the appropriate stage for an upstream advisory engagement.

3.2.3. CAO Analysis of IFC Information Disclosure

IFC Actions

IFC approved the Upstream AS project on August 31, 2022, and signed the Project Services Agreement (PSA) on October 21, 2022. However, IFC first listed the project on its Disclosure Portal on July 2, 2024, 22 months after approval.⁷³ Following IFC's closure of the project in August

⁷² Ibid.

⁷³ IFC noted to CAO that the milestone from which the 60-day disclosure applies is approval of the AS implementation plan and not AS project approval, per the AIP Staff Guidebook. Because there are no implementation plans for upstream client preparation projects, the signed PSA date (October 21, 2022) was used as the milestone when disclosure language is usually agreed. IFC stated that disclosure language was to be agreed prior to the commencement of Phase 2.

2024, the Disclosure Portal continued to list it as “Active” until February-April 2025 when it updated the status to “Closed.”⁷⁴

IFC’s Management Response states that it delayed disclosure because the client did not approve disclosure at PSA signing given the preliminary and undecided nature of the cable car projects to be analyzed. CAO notes that, under the PSA, the text of the AS project information to be disclosed was subject to client approval. According to IFC, after engagement with the client was paused in September 2023, IFC decided not to proceed further with the Upstream AS project in mid-2024. The Upstream AS project was disclosed in July 2024, as part of the closure process. IFC explained that the Upstream AS project continued to be listed as active until February 2025 due to a systems error on the IFC Disclosure Portal.⁷⁵

IFC informed CAO that it had exchanged information directly with the complainants’ legal counsel and advisors from February to June 2025.⁷⁶ In April 2025, IFC, through its access to information portal, responded to the complainants’ formal request for information submitted in February 2025.⁷⁷ The complainants sought clarification about IFC’s involvement in the Pathivara cable car project and an explanation for the delay in disclosure.⁷⁸ In its response, IFC stated that its engagement was not with the developer of the Pathivara cable car.⁷⁹ Following this, IFC met with the complainants’ legal counsel and advisors as requested.⁸⁰ In May 2025, IFC sent written confirmation to the complainants, indicating that the Pathivara cable car proposal was part of its Upstream AS project with Dreams Hills.⁸¹

CAO Analysis

Under the AIP, IFC commits to disclose a summary of advisory services project information within 60 days of approval.⁸² IFC disclosed the project on July 2, 2024, approximately 22 months (about 670 days) after approval,⁸³ materially exceeding the 60-day disclosure requirement set out in paragraph 44 of the AIP. Accordingly, based on a review of available information, CAO finds preliminary indications of IFC non-compliance with its AIP.

CAO notes that IFC appears to have taken the approach of delaying the entire project’s disclosure, based on Dreams Hills’ opposition to making the advisory project public. However, CAO notes that AIP does not make disclosure contingent on client consent, and IFC’s stated rationale—client non-approval at PSA signing—does not clearly fall within the limited grounds for delayed disclosure described in AIP paragraph 14, consisting of (market or legal/regulatory timing constraints). In addition, CAO has seen no evidence that IFC assessed whether another

⁷⁴ The complainants assert that the “Active” status displayed on the IFC Disclosure Portal until April 2025, while IFC states in its Management Response that it corrected the system and disclosed completion in February 2025.

⁷⁵ IFC Management Response, April 30, 2026.

⁷⁶ Ibid.

⁷⁷ The Complaint, see Appendix 1.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² IFC, AIP, para. 44.

⁸³ If the signed PSA date is used as the disclosure milestone, as explained by IFC as the appropriate milestone in this instance, this would be a delay of approximately 20 months, or about 620 days.

approach, such as timely disclosure with limited redactions—as provided for in the AIP Staff Guidebook—could have addressed any sensitivity while still meeting disclosure requirements. CAO also saw no evidence that IFC documented and approved the delayed disclosure decision in accordance with the AIP requirement that this prerogative be exercised by the IFC director responsible for the project.

Moreover, although IFC attributed the delay to the client not approving disclosure at agreement signing, the project PSA reportedly contained standard disclosure clauses, and available records provide no evidence of an agreement to defer disclosure until July 2, 2024.

In addition, IFC did not promptly update the project’s public status after project closure, leaving inaccurate information available to stakeholders for months, which is contrary to the AIP’s requirements of timely and accurate disclosure. This came alongside the IFC’s delayed acknowledgment to the complainants regarding the inclusion of the Pathivara cable car in the Upstream AS engagement.

3.3 Analysis of Plausible Link between Harm Allegations and Potential IFC Non-compliance

A CAO compliance appraisal must consider whether “the alleged Harm is plausibly linked to the potential non-compliance.”⁸⁴ In making this determination, CAO considers the relationship between the potential non-compliance and alleged harm without requiring evidence of causation or contribution.⁸⁵

In this case, CAO finds preliminary indications of Harm or potential Harm to complainants associated with the planning and construction of the Pathivara cable car. However, CAO has identified no preliminary indications of IFC non-compliance with its Sustainability Policy obligations for pre-approval E&S risk screening and supervision of the Upstream AS engagement. Given IFC’s limited involvement and lack of project-specific advice to the client or the Pathivara cable car developer, CAO finds no indication at this stage that the alleged harms can be attributed to IFC actions.

CAO finds preliminary indications of non-compliance with IFC’s Access to Information Policy arising from the delayed disclosure of the Upstream AS project. CAO further notes that delayed disclosure may have reduced opportunities for affected stakeholders to obtain information about and engage with IFC regarding the Upstream AS project. CAO also notes that delayed disclosure may have constrained the complainants’ ability to access CAO prior to IFC’s closure of the engagement. However, CAO concludes that the connection between this effect and the alleged adverse environmental and social impacts associated with the Pathivara cable car project is too speculative to establish a plausible link for the purposes of paragraph 91c of the CAO Policy.

⁸⁴ CAO Policy, para. 91.

⁸⁵ OHCHR, The Corporate Responsibility to Respect: An Interpretive Guide, p.5, at: <https://bit.ly/3zuLgSI>; OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs), 2011, available at: <https://bit.ly/3RLJi94> and <https://bit.ly/3S72BpP>, and OHCHR response to request from Bank Track and OECD Watch for advice regarding the application of the UN Guiding Principles on Business and Human Rights where private-sector banks act as nominee shareholders, August 30, 2021: 4.

IFC's role was limited to providing advisory support in relation to potential E&S risks and impacts associated with the proposed cable car development. IFC was not financing the Pathivara cable car project, had not provided project-specific E&S advice to the client or agreed upon project-specific E&S requirements, and terminated the Upstream AS engagement before undertaking the contemplated E&S advisory work. In these circumstances, it is unclear how earlier stakeholder engagement would have materially affected IFC's activities, any future advice that might have been provided, or E&S outcomes associated with the Pathivara cable car project. Accordingly, CAO does not find a plausible link between the potential non-compliance and the alleged adverse E&S impacts associated with the Pathivara cable car project.

4. Additional Appraisal Considerations

Under the CAO Policy, compliance appraisals must take into account relevant additional considerations.⁸⁶ In this case, there are two such considerations. First, IFC closed the Upstream AS project in August 2024. Second, there are pending and ongoing judicial or non-judicial proceedings in relation to the Pathivara cable car project. Consequently, CAO considered the following:

- For any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA Exit.^{87,88}
- The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint.⁸⁹

Regarding paragraph 92a, CAO has decided to proceed with closing the case due to the lack of clear justification for an investigation providing particular value in terms of accountability, learning or remedial action.

CAO makes this determination for the following reasons:

- **Accountability:** CAO's preliminary compliance analysis did not identify preliminary indications that IFC failed to meet its Sustainability Policy obligations in relation to the Upstream AS project, including pre-approval E&S risk screening and supervision. IFC's engagement did not involve project-specific advice to the client or the Pathivara cable car developer or provide support to the Pathivara cable car project's planning, permitting, consultation, or construction. In this context, a plausible link between IFC's actions and the alleged harms is not apparent, which limits the extent to which an investigation would

⁸⁶ CAO Policy, para. 92.

⁸⁷ CAO Policy, para. 92a.

⁸⁸ The CAO Policy glossary defines an IFC Exit as: "With respect to any Project, the earlier of (i) the termination of the financing, investment, or advisory relationship with the Client for such Project pursuant to the applicable Project agreements; or (ii) when the Project ceases to exist, or the Project has been dropped by IFC after Board approval." In this case, the former applies.

⁸⁹ CAO Policy, para. 92b.

likely produce additional, actionable findings that would materially alter CAO's preliminary compliance conclusions or clarify accountability for the outcomes raised in the complaint.

While CAO's appraisal has identified preliminary indication that IFC may not have complied with its AIP regarding the delayed disclosure of the Upstream AS project, CAO does not consider there to be a particular value for accountability for further review of this issue in light of the current information available to CAO during the course of this compliance appraisal.

- Learning: Because IFC's role was limited in the Upstream AS project and not embedded in the implementation arrangements for the Pathivara cable car, the scope for deriving transferable lessons through an investigation is constrained. Any learning would likely be general (for example, managing E&S risks in upstream engagements) rather than specific to the Pathivara cable car project. CAO considers such learning can be pursued through other channels without a full compliance investigation in this case.
- Remedial action: IFC closed the Upstream AS project in August 2024, and available information does not show any further engagement between IFC and Dreams Hills. IFC's Management Response references an active loan and an advisory engagement with Global IME Bank Ltd (part of the IME Group) focused on SMEs and climate-smart trade finance, two projects that do not include, or contemplate, financing for any cable car projects. In addition, CAO reviewed and assessed IFC's engagements with IME Group through Dreams Hills and Global IME Bank. Based on available information, CAO found no definitive evidence of additional IFC exposure to the Pathivara cable car project through its other investment or advisory projects. Given IFC's closure and the absence of an ongoing relationship with the client and Pathivara cable car developer, CAO does not see a clear pathway for an investigation to support or catalyze remedial action for affected communities.

Regarding paragraph 92b of the CAO Policy, CAO considered the following information.

According to the complainants, three Supreme Court cases relating to the Pathivara cable car project remain pending. The first case is a writ filed on February 16, 2020, by the Kanchenjunga Conservation Area Management Council against the Phungling Municipality Office and the Pathivara Area Development Committee, in which the Court issued a show-cause and interim status quo order (February 19, 2020) and later ordered production of relevant records (April 15, 2025). The second case is a writ filed in 2021 by 149 petitioners opposing the project, which the Court has advanced to full hearing, ordering production of all project files and records (April 15, 2025). The third case is a writ filed on March 20, 2025, by individuals against the developer and relevant agencies, in which the Court issued a show-cause order (March 26, 2025), briefly suspended construction through a short-term interim order, and then declined to extend that order (April 24, 2025).

In addition, the complainants informed CAO that the Government of Nepal has established a multi-stakeholder task force, coordinated by an adviser from the Office of the Prime Minister and Council of Ministers, to examine the irregularities, procedural deficiencies, and alleged unlawful

actions associated with both the conservation of Pathivara (Mukkumlung) and the Pathivara cable car project. Following the submission of the task force report and recommendations to the Prime Minister, the Government is expected to initiate any necessary action.

In light of the above, CAO notes that there are multiple pending judicial proceedings and an ongoing government-led non-judicial review that are considering issues related to the Pathivara cable car project, including matters concerning the project's legality, applicable procedures, and associated impacts. As CAO has determined that the requirements for a compliance investigation under paragraph 91 of the CAO Policy have not been met, it is not necessary for CAO to reach a conclusion as to whether these ongoing judicial and non-judicial processes would have any bearing on a decision to initiate a compliance investigation pursuant to paragraph 92b of the Policy.

5. CAO Decision

CAO determines that the complaint relating to IFC's Upstream Advisory Services to Dreams Hills Pvt. Ltd in Nepal does not merit a compliance investigation and has closed the case.

This appraisal report has been shared with IFC's Board of Directors, the World Bank Group President, IFC management, the former client, and the complainants. CAO publishes this appraisal report on its website.

Appendices

26 August 2025

Complaint to the OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN

Re: IFC Advisory Project number 607394,
IME Cable Car, Nepal

Filed by:
Signatories (see p 17),
Indigenous Peoples Organisation of Limbu (Yakthung) nation,
Kirat religious organisation,
Mukkumlung Conservation Joint Struggle Committee,
LAHURNIP, AIPNEE, Recourse

Kathmandu, 26 August 2025

Ms Janine Ferretti
Director-General
Compliance Advisor Ombudsman
2121 Pennsylvania Avenue, NW
Washington DC 20422

We, Lawyers' Association for Human Rights of Nepalese Indigenous Peoples (LAHURNIP) working to promote, defend and protect rights of Indigenous Peoples, are writing to you as legal counsel to the Indigenous Peoples Organisation of Limbu (Yakthung) nation, Kirat religious/spiritual organisation and the local struggle body constituted for the protection of the sacred site of Mukkumlung, to file a complaint in relation to **Project Number 607394, IME Cable Car**, a \$156,746 Advisory Services project of the International Finance Corporation (IFC).

[LAHURNIP](#) is acting as legal counsel to the Complainants, and [Asia Indigenous Peoples Network on Extractive Industries and Energy](#) (AIPNEE), and [Recourse](#) are acting as advisors. With a power of attorney the Complainants have advised that they, with their legal counsel, will have decision-making authority, and the advisors can advise and facilitate in the process.

Description of the project and IFC's role

In September 2022, the IFC began to provide advisory support to IME Cable Car, in a project due to cost \$156,746 and to last two years. The aim of this advice, according to the [project document](#), was "to support IME Group with the technical analysis and tendering of cable car installations (depending on the stage of the projects), develop the bankability assessment of the commercial feasibility/business financial plan, perform Environmental Impact Assessment (EIA) gap analysis and advise on remedial measures, evaluate the legal and regulatory frameworks, for each of the cable car projects. IFC will also provide corporate governance advice on structuring for their corporate entity, which will be responsible for their transport operations/cable cars."

In its description of the project's development impact, the IFC was clear that the project involved four cable car projects: "The project through its commercial, technical, legal and E&S assistance to IME Group for the development of the 4 cable car projects would like to contribute towards the bankability of the investments for further foreign investments."

Equally clear, in the Environmental and Social Risks section of the project document, is the IFC's emphasis on helping its client familiarise itself with the Performance Standards: "IFC's advice will be provided in a manner consistent with the principles of the relevant Performance Standards. The IFC team will assist the client, as the final decision maker, in gaining a good understanding of IFC's Performance Standards."

IME Group is one of Nepal's [largest commercial consortia](#) – involved in energy, manufacturing, infrastructure and trading, as well as running the largest commercial bank in Nepal, Global IME Bank. The IFC has provided over \$50 million to IME Group over the past decade, plus a \$500 million trade finance guarantee. Crucially, IFC continues to invest in Global IME Bank today, providing ongoing leverage and influence. (See *Annex 1*.)

One of IME Group's many subsidiaries is IME Cable Car, and it is this venture to which IFC provided advisory support. According to the IFC,¹ responding to an information request from the Complainants' advisors, the Advisory Project did not fulfil its original intentions: *"IFC started with a mapping of the cable car market in Nepal together with a review of the technical specifications proposed by the developer for the Pathibhara Cable Car Project² as part of the first stage. The advisory project did not progress beyond this stage, due to a change in priorities of the parties involved. Therefore, it did not reach the stage where an E&S review would be conducted and advice on Indigenous Peoples and EIA would be provided... No feasibility studies were conducted by IFC under this advisory agreement. Aside from Pathibara, the other cable car projects that were within the scope of the advisory agreement were at Lumbini, Maulakalika and Chandragiri."*

The reason the Complainants and their advisors seek to engage with the CAO is because of the social and environmental harms caused by one of the cable car projects in particular: the Pathivara Cable Car project. This cable car project has severe impacts on one of the most sacred sites of the Limbu (Yakthung) Indigenous Peoples, including their forests, flora, fauna, heritage (tangible and intangible) and Mukkumlung mountain. The Pathivara project has been imposed on the local Indigenous communities without their Free, Prior and Informed Consent (FPIC), and has proceeded to destroy their lands, forests, sacred sites and livelihoods. When the people protest, they have been met with extreme violence and repression. This has been extensively documented in national and international media.³ Through their legal counsel, LAHURNIP, they have fought back through the judicial system – right up to the Supreme Court – but have been unable to achieve justice. At the moment

¹ Email sent by Ute Reisinger IFC, 19 May 2025 to Recourse.

² This has many spellings, also referred to as Patibara, Pathibara, Pathivara, Mukkumlung.

³ See <https://kathmandupost.com/province-no-1/2025/05/21/pathibhara-cable-car-protests-to-resume>; <https://www.france24.com/en/live-news/20250221-nepal-community-fights-to-save-sacred-forests-from-cable-cars>; <https://globalpressjournal.com/asia/nepal/indigenous-nepalis-fight-cable-car-project-sacred-himalayan-mount-ain/>

there are three cases (case no.: 076-WO- 0803, 077-WO- 0753, and 081-FN-0696), which are pending adjudication in the Supreme Court of Nepal. The first case was filed by Kanchenjunga Conservation Area Management Council and the Supreme Court has issued an interim order in this case. Despite the interim order, the project is continuing in the Conservation Area.

Only in late 2024 were the Complainants and their advisors able to discover that the IFC was supporting IME Cable Car – and that this could provide another route for them to seek to address the harms they have suffered.

IFC's exit and the exceptional reasons for the delay in filing a complaint

According to the IFC, it exited the IME Cable Car project early, in August 2024. *“Aside from Pathibara, the other cable car projects that were within the scope of the advisory agreement were at Lumbini, Maulakalika and Chandragiri. The agreement was terminated before any work began on these projects.”*⁴

The IFC exited this project in August 2024, and this would normally have a bearing on the eligibility of this complaint. But we will argue that there are exceptional and very good reasons why it would have been impossible for us to file a complaint before now – due to the IFC's own actions and its refusal to confirm its involvement in the Pathivara Cable Car project until May 2025. We will lay out the timeline of our engagement with the IFC below and explain our problems in pinning the IFC down on whether the Pathivara Cable Car project was one of the four projects it supported through IME. We believe this will offer sufficient explanation for why it was simply impossible for the Complainants to file a complaint with any confidence before now.

1. Non-disclosure of IFC's advisory project, early exit, and false 'active' status

Although you can see, below on IFC's project disclosure page, that this project began in September 2022, having been approved in August 2022, **it was not disclosed publicly until 2 July 2024.**

⁴ Ibid.

Summary of Advisory Services Project Information		
Project Number	Primary Business Area	Disclosure Date
607394	Infrastructure	Jul 2, 2024
Country	Region	IFC Approval Date
Nepal	South Asia	Aug 31, 2022
Status	Estimated Total Budget	Last Updated Date
Active	\$156,746.00 (Project budget includes all project-funded activities)	
Project Estimated Start Date	Project Estimated End Date	Client Legal Name
Sep 5, 2022	Sep 2, 2024	IME Cable Car

Project Description
This upstream engagement is focused to support IME Group with the technical analysis and tendering of cable car installations (depending on the stage of the projects), develop the bankability assessment of the commercial feasibility/business financial plan, perform EIA gap analysis and advise on remedial measures, evaluate the legal and regulatory frameworks, for each of the cable car projects. IFC will also provide corporate governance advice on structuring for their corporate entity, which will be responsible for their transport operations/ cable cars.

Screenshot taken 18/2/25

In February 2025, Recourse submitted an information disclosure request⁵ to the IFC to ask for an explanation of why the project information was not disclosed until July 2024 - nearly two years after it began - and whether the project was still active as stated. The IFC did not respond within its expected 30 days.

Recourse then followed up and contacted the IFC CSO engagement team (specifically Maria Carolina Hoyos Lievano), and received a response on 3 April 2025 from the IFC Corporate Relations team, stating:

“The disclosure timeline followed procedure in relation to contractual signing. The engagement did not progress and was concluded in August 2024. The project status has been updated on the disclosure portal to reflect this.”

In other words, when Complainants noticed that IFC was involved in the project, they thought the project was still active as it showed as such on the website until April 2025. Therefore, there would be no need to rush to file a complaint.

On the contrary, however, the IFC had exited the project barely a month after it disclosed its involvement publicly on its website – in August 2024. Nowhere was this made clear contemporaneously. Complainants had no way of accessing this vital information.

⁵ See Annex 2 for information disclosure requests and the IFC’s responses.

2. Confirming IFC's involvement in the Pathivara project

In order to link the IFC to what was happening on the ground to the Indigenous communities affected by the Pathivara cable car project, we had to be sure that Pathivara was indeed one of the four cable car projects supported through IFC's advisory project. This proved much more difficult than it should have. The IFC's over-complex response to a simple question meant that Complainants' ability to seek justice was further delayed.

Here is the question Recourse submitted in our first formal information request on 18 February 2025 (see *Annex 2*), in consultation with Complainants:

"IFC provided advisory services to IME Group "for the development of 4 cable car projects..." can you confirm that this included the project Pathivara Darshan Mukkumlung Cable Car Pvt. Ltd.?"

IFC's response on 3 April 2025 stated:

"Thank you for your interest in this project. This upstream engagement was not with Pathivara Darshan Mukkumlung Cable Car Pvt. Ltd."

While it is true that IFC's upstream engagement was with IME, Pathivara Darshan Mukkumlung Cable Car Pvt. Ltd is a subsidiary of IME and is a special purpose vehicle set up to manage the Pathivara cable car project. IFC's advice to IME pertained specifically to the Pathivara cable car project, so there is a clear connection between IFC's advice and Pathivara Darshan Mukkumlung Cable Car Pvt. Ltd, which IFC failed to disclose in this response.

Furthermore, this denial of a connection was then used to refuse Recourse, AIPNEE and LAHURNIP a meeting during the World Bank Spring Meetings in Washington D.C. in April 2025. In response to a request for a meeting with representatives of LAHURNIP, AIPNEE and Recourse, the IFC said, "we are not involved and anyway, we have now exited the project".

It was only because we insisted on a meeting regardless, not taking no for an answer, and then because of an error on IFC's part during that meeting, that we finally succeeded. We managed to get confirmation verbally, then in writing, by 19 May 2025 – fully three months after first asking – that the IFC had indeed advised IME about the Pathivara Cable Car project, and that it had carried out feasibility studies and market analysis.

This confirmation has now given us the green light to go ahead to gather evidence and prepare this complaint to the CAO, within the 15 month deadline after IFC exit.

IFC's responsibility in Advisory Services projects

It is clear from IFC's responses to our information requests and exchanges that it is trying to argue that it did not get to engage IME as intended on environmental, social and Indigenous rights issues (see Annex 2). For example, IFC's email of 19 May states, *"The advisory project did not progress beyond this stage, due to a change in priorities of the parties involved. Therefore, it did not reach the stage where an E&S review would be conducted and advice on Indigenous Peoples and EIA would be provided."*

However, the IFC has had a long engagement with IME Group and continues to back the business today. Its current advisory project⁶ with IME is about risk management, inclusion, gender and climate. IFC is in a position of influence with IME Group, even if it has exited this one investment.

IFC says⁷ it had done screening and due diligence as part of the project: "As part of its Due Diligence, and as mandated by IFC's Sustainability Policy, IFC team is screening this project to assess consistency with IFC's Performance Standards." So, IFC must have been aware of the E&S risks. Furthermore, by providing technical advice on the cable cars, IFC enabled the project to go ahead and therefore clearly contributed to the harms.

Additionally, there is precedent that IFC bears responsibility for ensuring its Performance Standards are brought to bear in Advisory Services projects. A few years ago in Panama, Indigenous Peoples filed a complaint regarding an IFC Advisory Project,⁸ relating to a transmission line. In December 2019, CAO completed its compliance appraisal, noting that a key requirement for an IFC Advisory Services project is to **"provide advice consistent with the requirements of IFC's Performance Standards (PS)."**

The Panama ETESA case affected Indigenous territories and involved processes of Free, Prior and Informed Consent, as is the situation in the Nepal Cable Car project. The CAO found that,

*"The key IFC Sustainability Policy requirement for an IFC Advisory Services project of this type is that IFC provides advice "consistent with the Performance Standards" as a framework for good international industry practice in environmental and social (E&S) risk management. The Performance Standards (PS) include specific requirements for conducting consultation with Indigenous Peoples and gaining prior consent (FPIC) of Indigenous Peoples **when projects***

⁶ <https://disclosures.ifc.org/project-detail/AS/608686/global-ime-bank-advisory->

⁷ <https://disclosures.ifc.org/project-detail/AS/607394/nepal-cable-car>

⁸ <https://www.google.com/url?q=https://www.cao-ombudsman.org/case/panama-pl-iv-01multi-locations&sa=D&source=docs&ust=1755187037171330&usg=AOvVaw1uflNBj7ooxqykW8MZlmoE>

impact land or natural resources under traditional ownership or customary use.” [emphasis added].

In the Nepal case, the cable car project tears through Indigenous Peoples’ forests and territories and threatens one of the most sacred sites of the Limbu people - their mountain. Worse, this is happening without their consent or even consultation. In a country where rights are often disrespected, this is leading to violence and repression. This was something the CAO warned of in the Panama case:

“Absent action to address the shortcomings in IFC’s advice to date, there is significant risk that the project will not achieve FPIC of the affected Indigenous communities as required by the Performance Standards. This may heighten the risk of negative project impacts on the cultural, economic, and territorial (including customary) rights and interests of those Indigenous communities. Taking into account historical opposition to infrastructure development in the region, lack of effective consultation with Indigenous groups could also contribute to increased social tension and potential conflict around the PLIV project.”

The IFC’s inability to ensure its client integrated the Performance Standards into the implementation of its plan for delivering cable car projects around Nepal has led to severe breaches of the protections that were supposed to safeguard vulnerable and marginalised communities. Today, Indigenous Limbu communities are being beaten, shot at, arrested and terrorised for trying to defend their land and way of life.

The Nepal IME cable car project and breaches of the IFC Performance Standards

In this section, we will lay out how this project is in breach of several of the IFC Performance Standards.

Performance Standard 1 Assessment and Management of Environmental and Social Risks and Impacts

Breaches of IFC Performance Standard 1

“5. In addition to meeting the requirements under the Performance Standards, clients must comply with applicable national law, including those laws implementing host country obligations under international law.”

Nepalese law requires that project approval is given only after completion of an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA). In the case of the Pathivara cable car project, the authorities violated the provisions of national law by approving the construction of the cable car before the IEE had been completed.

In addition, an IEE is meant for projects with minimal impacts to the environment, whereas the more comprehensive EIA is required for projects with more significant adverse impacts. Specifically, Section 6 of the Environment Protection Act 1997 requires an EIA for any project that has a significant environmental impact. The cable car project has a significant adverse impact on the environment – as is noted under Performance Standard 6 below, 10,000 trees have been destroyed for its construction. An EIA was not completed for the Pathivara project; only an IEE.

The Cable Car Company violated Limbu/Yakthung's constitutionally guaranteed fundamental right to protect and operate a religious site (art. 26 of the Constitution 2015), right to participate in the cultural life, preserve and promote cultural heritage (art. 32). Further, the company violated the right to information guaranteed in the Constitution (art. 27). No information was provided to the community, despite the fact that they filed a Right to Information application under the Right to Information Act 2006.

*“30. When Affected Communities are subject to identified risks and adverse impacts from a project, the client will undertake a process of consultation in a manner that provides the Affected Communities with opportunities to express their views on project risks, impacts and mitigation measures, and allows the client to consider and respond to them. The extent and degree of engagement required by the consultation process should be commensurate with the project’s risks and adverse impacts and with the concerns raised by the Affected Communities. Effective consultation is a two-way process that should: (i) begin early in the process of identification of environmental and social risks and impacts and continue on an ongoing basis as risks and impacts arise; (ii) be based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information which is in a culturally appropriate local language(s) and format and is understandable to Affected Communities; (iii) focus inclusive engagement on those directly affected as opposed to those not directly affected; (iv) **be free of external manipulation, interference, coercion, or intimidation**; (v) enable meaningful participation, where applicable; and (vi) be documented.”* [emphasis added]

Article 51 (J) (8) of Nepal’s 2015 Constitution has a specific provision for Indigenous Peoples, which provides the right to live with dignity and identity, including the right to participate in every decision that affects them, and the state is obliged to make a special arrangement to give full effect to the provision. Despite consistent demands of the affected community in this case, the company and the relevant government agencies disregarded the provision.

Importantly, Nepal is a party to/signatory of the ILO Convention 169 and UNDRIP, which provide an obligation to ensure participation, consultation, and Free, Prior and Informed Consent in any activities that take place in the Indigenous territories. The provisions of ILO

Convention No. 169 and UNDRIP are equivalent to the provisions of national laws. The provisions of ILO Convention No. 169 and UNDRIP prevail over national laws (Section 9 of the Nepal Treaty Act 1991). None of these mandatory legal provisions has been complied with. Thus, the project is illegal, culturally genocidal, and a threat to the existence of the community.

The presence of the Armed Police Force and Nepal Police at the project site, who have used live fire against peaceful protesters, constitutes severe repression and intimidation to force the implementation of a project unwanted by the local Indigenous community.

Performance Standard 5: Land Acquisition and Involuntary Resettlement

Breaches of IFC Performance Standard 5

“12. Where involuntary resettlement is unavoidable, either as a result of a negotiated settlement or expropriation, a census will be carried out to collect appropriate socio-economic baseline data to identify the persons who will be displaced by the project, determine who will be eligible for compensation and assistance...”

Around 800 people, mostly Indigenous and local community members who are self-employed pilgrims' helpers will be displaced and become unemployed, adversely impacting 4,000 dependent members of their families. Small businesses, hotel and transportation workers could lose their source of income. Another estimate in a local newspaper puts the figures slightly differently: saying the project threatens the livelihood of more than 600 porters, 30 small businesses and 1,700 homes.⁹

The IEE of the Pathivara cable car does not analyse the situation of these affected people, and so cannot be expected to address their needs adequately in any compensation plan. Without sufficient consultation with affected communities, as detailed under PS1 and PS7, their needs, baseline livelihoods and the impacts of the project cannot be sufficiently understood and addressed.

Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Breaches of IFC Performance Standard 6

“14. The client will not significantly convert or degrade natural habitats, unless all of the following are demonstrated:

9

<https://globalpressjournal.com/asia/nepal/indigenous-nepalis-fight-cable-car-project-sacred-himalayan-mount-ain/>

- *No other viable alternatives within the region exist for development of the project on modified habitat;*
- *Consultation has established the views of stakeholders, including Affected Communities, with respect to the extent of conversion and degradation; and*
- *Any conversion or degradation is mitigated according to the mitigation hierarchy.”*

The IEE conducted by the company identifies only four species “of the 112 species of trees found in the area,” according to an expert interviewed by an international newspaper.¹⁰ The construction of the Pathivara cable car has already caused the clearing of large areas of forest that is sacred to the Limbu people, without their consent. The project developer has felled an estimated 10,000 trees – a major factor in local opposition to the cable car construction.

Funling Municipality gave permission to construct the cable car, but the project falls in the areas of Sirijanga Municipality, and Faktanglung municipality. The Municipalities objected to the use of their area without their permission.

On 13 May 2024, persons hired by the project developer cut down trees, with the assistance of security forces including APF, to clear the right of way of the cable car that destroyed the habitat of endangered animals, like red pandas and snow leopards. Furthermore, rare herbs and plants listed under CITES have also been destroyed. The community has been protecting those natural resources and heritage for ages in accordance with the norms and values of the *Mundhum*. This destruction was done with the direct involvement of the APF.¹¹

The cable car project encroaches on an area of *Kanchanjunga Samrakchan Chetra* (Kanchanjunga Conservation Area) where the Mukkumlung temple is located. Kanchenjunga Conservation Regulation 2007 was introduced to hand over the conservation area to the community. Mukkumlung and the conservation area are home to endangered species such as the Red Panda, Snow Leopard, Himalayan Musk Deer, etc. The endangered species are in direct threat of extinction due to forest clearance and the construction of the Cable Car. No study has been carried out on the adverse impact on the endangered species.

Performance Standard 7 Indigenous Peoples

The Yakthung (Limbu) are Indigenous People living mainly in the eastern Himalayan region of Nepal, and have distinct language, culture and social structures. As detailed under Performance Standard 8, Mukkumlung - the mountain on which the cable car project is being built - is of central importance to Limbu religion and culture.

¹⁰ See: <https://news.mongabay.com/2025/05/cable-car-project-in-nepal-under-fire-for-flawed-environmental-review/>
¹¹ [https://khabarhub.com/2024/08/708435/visited 30 June 2025](https://khabarhub.com/2024/08/708435/visited%2030%20June%202025)

Therefore, the rights of the community to consider their Free, Prior and Informed Consent for this project, and to be protected from any retaliation should they question it, should have been of utmost importance. These rights should be guaranteed under the IFC's Performance Standard 7 on Indigenous Peoples.

Breaches of IFC Performance Standard 7:

PS 7 begins with a statement of its objectives. The first objective is:

"To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples."

In this respect, the cable car project breached PS7, as the human rights of the Indigenous Limbu People were repeatedly violated. Lawyers for the Limbu community filed an urgent communication to the United Nations Special Rapporteur on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (see Annex 3) detailing human rights abuses against local Limbu community members dating from 2023 to February 2025.

These include: 8 November 2024: 70 Armed Police Force (APF) members plus 45 Nepal Police occupied a local citizen's house; two Mukkumlung protestors were cut and severely injured by sharp weapons; and 25 January 2025: the APF beat and opened fire on members of a peaceful rally, when they were gathered to eat food in the evening. Three people were severely injured and 50 suffered minor injuries.

The government of Nepal has stationed security forces at the project site. This militarisation has created an atmosphere of repression and fear of retaliation; leading to a situation of threat and insecurity among the Indigenous community.

PS7 defines Indigenous Peoples as follows:

"In this Performance Standard, the term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- *Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;*
- *Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;*
- *Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or*
- *A distinct language or dialect, often different from the official language or languages of the country or region in which they reside."*

The Limbu Indigenous People clearly meet this definition as they are both self-identify as a distinct Indigenous People and they, and their lands, rights and territories are recognised as such by the Nepalese state, in its 1774 Treaty (*Tasally Muluki*) with the *Limbuwan* nation. Limbu is legally recognized as *Adivasi Janajati*¹² (Indigenous Nationalities) under the National Foundation for Development of Indigenous Nationalities (NFDIN) Act 2002.¹³

“10 The client will undertake an engagement process with the Affected Communities of Indigenous Peoples as required in Performance Standard 1. This engagement process includes stakeholder analysis and engagement planning, disclosure of information, consultation, and participation, in a culturally appropriate manner. In addition, this process will:

- Involve Indigenous Peoples’ representative bodies and organizations (e.g., councils of elders or village councils), as well as members of the Affected Communities of Indigenous Peoples...”*

The Limbu people, as custodians, were not appropriately consulted about the project. On the contrary, they have been raising their voices to protect Mukkumlung – not only from a religious and cultural perspective but also to preserve nature, including endangered flora and fauna. Guided by the Mundhum, which shapes their way of life from birth to death, they emphasise the site's sacred and ecological significance. The Limbu people’s customary institutions such as Thargat Sahajikaran, the Kirant religious organisation, and Kirant Yakthum Chumlung submitted written concerns and memoranda to the relevant Ministries of the federal government, provincial government, including the Prime Minister and Chief Minister, objecting to the commercialisation of the sacred site through the construction of the cable car. On 7 March 2021, 149 petitioners, including representative organisations and leaders, submitted a writ to the Supreme Court opposing the project.

“11. Affected Communities of Indigenous Peoples may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources.5 In recognition of this vulnerability, in addition to the General Requirements of this Performance Standard, the client will obtain the FPIC of the Affected Communities of Indigenous Peoples in the circumstances described in paragraphs 13–17 of this Performance Standard. FPIC applies to project design, implementation, and expected outcomes related to impacts affecting the communities of Indigenous Peoples.”

The Limbu Indigenous People were not consulted in any meaningful manner and there was no full disclosure prior to the development of the project. Their concerns about potential environmental, cultural and social impacts of the project were ignored by the project developer. The Initial Environmental Examination (IEE) for the project was carried out

¹²Indigenous Peoples in Nepali Context.

¹³Schedule 1 of the NFDIN Act 2002

without the participation, consultation or FPIC of the Limbu Indigenous Peoples. The IEE does not even mention Limbu *Mukkumlung Mundhumi* identity and no consultation has been carried out with any *Mundhumi* spiritual knowledge holders (such as *Tumyahang*, *Fedangma*, *Yeba*, *Yema*, *Samba*) of the Limbu people.

Performance Standard 8 Cultural Heritage

To understand the cultural heritage impacts of the cable car project, it is vital to understand the critical importance of the site to the Limbu Indigenous People. *Mukkumlung*, a sacred site in *Mundhumi* heritage, is the mountain in Taplejung district, eastern Nepal where the cable car project is planned. It forms part of the ancestral lands of the Yakthung (Limbu) Indigenous People. "Mukkumlung" is a compound word: "Mukkum," which refers to power, and "Lung," which refers to a hill, mountain or sacred stone in the Limbu language. According to Limbu Mundhum, *Mukkumlung* is a sacred emblem of *Chotlung* (human dignity). *Mukkumlung Yuma Mang* is a deity with supernatural power and is worshiped while doing *Mangena* of every individual Limbu. *Mangena* is an essential *Mundhumi* ritual necessary for the physical, spiritual, and mental healing of a person's vibrant *Chotlung*.

According to Mundhum, *Mukkumlung Yuma Mang*, also known as Deity Grandmother, taught Limbu the weaving of clothes, agriculture, and sustainable hunting, which formed the way of life for the community.

In this way, the central importance of the *Mukkumlung* mountain for the Limbu community can be understood.

The cable car project development forms part of a wider attempt by the Nepalese government to develop *Mukkumlung* and bring in tourism to the Pathivara Devi Hindu Temple on top of the mountain. In 1997, the government created the Pathivara Area Development Board in the name of social, economic, cultural and religious development. The Limbu people view the renaming of *Mukkumlung* as 'Pathivara' as an act of cultural and religious assimilation.

According to Mundhum, the whole environment – including mountains, forests and biodiversity – are living spirits. In this context, the construction of the cable car project is seen as a clear encroachment of *Mundhumi* sites and a violation of the Limbu Indigenous People's right to live with dignity and culture, as enshrined in the Nepalese Constitution, Articles 16 and 32.

Breaches of IFC Performance Standards 1 and 8:

Performance Standard 1:

“5. In addition to meeting the requirements under the Performance Standards, clients must comply with applicable national law, including those laws implementing host country obligations under international law.”

As above, the construction of the cable car project is seen as a clear encroachment of Mundhumi sites and a violation of the Limbu Indigenous People’s right to live with dignity and culture, as enshrined in Articles 16 and 32 of the Constitution of Nepal.

Performance Standard 8:

“3. ...cultural heritage refers to (i) tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; (ii) unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls;”

Performance Standard 8 clearly applies in this case, given the religious and cultural significance to the Limbu Indigenous People of the mountain, forest and ecosystem affected by the cable car project.

Given the importance of the mountain ecosystem to Limbu culture and religion, we would argue that it counts as critical cultural heritage, under IFC’s definition:

“13. Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes;”

Such a classification demands extra due diligence and risk avoidance on the part of project developers:

“14. The client should not remove, significantly alter, or damage critical cultural heritage. In exceptional circumstances when impacts on critical cultural heritage are unavoidable, the client will use a process of Informed Consultation and Participation (ICP) of the Affected Communities as described in Performance Standard 1 and which uses a good faith negotiation process that results in a documented outcome. The client will retain external experts to assist in the assessment and protection of critical cultural heritage.”

As we have argued under Performance Standard 7, no Free, Prior and informed Consent was sought or given for this project, consultation with communities did not meet the standards required, and the IEE does not even refer to the Limbu people, still less their cultural heritage, since no consultation was carried out with any *Mundhumi* spiritual knowledge holders (such as *Tumyahang*, *Fedangma*, *Yeba*, *Yema*, *Samba*) of Limbu.

What we want

We urge the CAO to ensure policy and procedural compliance of the IFC in the project in relation to its Sustainability Framework, including to recommend remedial actions for any harms caused.

We urge the CAO and the IFC to:

- Provide full disclosure of IFC documents about its support to the project and all project documents available to it,
- Facilitate disclosure of information regarding other IFC supported projects listed in Annex 1 to the IME Group entities such as the Global IME Bank, and high-risk sub-projects supported by the Global IME Bank.
- Commission an independent investigation team composed of human rights experts and journalists to look into the gross human rights violations by the project proponents to hold the perpetrators to account and provide adequate remedies and reparations for the harms caused.

Further, while the complaint process is underway, we call on the CAO and the IFC to use their leverage with the IME Group and the concerned authorities to:

- Stop the encroachment of the Mukkumlung sacred site and ensure that the community can profess their cultural, spiritual and religious practices, including protection of tangible and intangible heritage, without any hindrances or State imposed restrictions.
- Stop the ongoing criminalisation and violence against community leaders immediately and unconditionally, including dismissal of the false charges filed against them without any conditions.
- Withdraw the security forces (Armed Police Force and Nepal Police) that have been deployed to construct the project forcefully.
- Stop the construction of the project and associated facilities until the complaint process is completed and the grievances are effectively resolved.
- Carry out actions to resolve intra- and inter-community conflict and foster peacebuilding and reconciliation.

LAHURNIP and the Complainants reserve the right to amend this complaint with additional information should we decide to.

Formal communications about the complaint should be sent in English and (Khas) Nepali. Additionally, if possible, we urge you to also conduct in-person meetings with us, when releasing key documents related to this complaint.

For less formal communication, to facilitate greater ease and faster response times, we give permission for the CAO to communicate in English directly with our legal counsel and advisors, who have committed to keep us up to date on all developments.

Please do not hesitate to contact us with any questions you may have. We look forward to hearing from you.

Filed this day 26 August 2025 by

[See separate page for signatories]

COMPLAINANTS:

Name: CONFIDENTIAL

Signature:

Mukkumlung Samrakshan Sanyukta Sangharsha Samiti (Mukkumlung Conservation Joint Struggle Committee)

Address:

Email:

Name: CONFIDENTIAL

Signature:

Kirat Yakthum Chumlung (KYC) - National level Indigenous Peoples Organisation of Limbu people

Address:

Email:

Name: CONFIDENTIAL

Signature:

Kirat Chotlung Angsimanggena Sewa Samiti (KCASS) - Indigenous Spiritual Organization)

Address:

Email:

Name: CONFIDENTIAL

Signature:

Limbu Thargat Sanstha (Yakthung Sayang) Sahajikaran Samuha - Kirat religious organisation

Address:

Email:

LEGAL COUNSEL

Name: Advocate Shankar Limbu

Signature:

Lawyers' Association for Human Rights of Nepalese Indigenous Peoples (LAHURNIP)

Address:

Email: shankar1database@gmail.com

ADVISORS:

Name: Prabindra Shakya

Signature:

Asia Indigenous Peoples Network on Energy and Extractive industries (AIPNEE)

Address:

Email: prabin@aipnee.org

Name: Kate Geary

Signature:

Recourse

Address:

Email: kate@re-course.org

Annex 1: IFC support for IME Group to date

Project name & number	Amount/ type	Classification	Date approved	Date disclosed	Date completed	Description
Global IME Bank Advisory 608686	\$250,000	Advisory	3 March 2024	17 February 2025	30 June 2026	The advisory project will focus on Risk Management, Gender Finance, and Climate Finance with an objective of strengthening risk governance and improving access to inclusive and sustainable finance.
Nepal cable car 607394	\$156,746	Advisory	31 August 2022	2 July 2024	2 Sept 2024 (August 2024)	This upstream engagement is focused to support IME Group with the technical analysis and tendering of cable car installations (depending on the stage of the projects), develop the bankability assessment of the commercial feasibility/business financial plan, perform EIA gap analysis and advise on remedial measures, evaluate the legal and regulatory frameworks, for each of the cable car projects. IFC will also provide corporate governance advice on structuring for their corporate entity, which will be responsible for their transport operations/ cable cars.
GBIME Nepal SME 48183	\$30 million loan	FI2	13 December 2023	3 October 2023	--	The proposed investment comprises of a US\$56 million investment through a 3-year USD denominated senior loan to Global IME Bank (GIBL or the Bank), to be used

						exclusively for on-lending to small and medium enterprises (SMEs) in Nepal (the Project) with US\$14 million carveout for green financing and US\$14 million carveout for gender financing. Of the US\$56 million, US\$26 million will be through mobilization. The project will not support coal-related activities, or higher risk business activities that may involve a) involuntary resettlement, b) risk of adverse impacts on Indigenous Peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or d) significant Occupational Health and Safety risks.
GTFP Global IME 37956	\$500 million guarantee	FI3 trade finance	11 Nov 2004 but not signed until 9 Dec 2015			The proposed project involves establishing an unfunded short term trade finance facility with Global IME Bank Limited ("GIBL" or the "Bank") in Nepal under the Global Trade Finance Program ("GTFP" or "Program") of IFC (the "Project") with a carve out allocated towards climate smart trade finance. GTFP is IFC's response to shortage of trade finance limits in developing economies such as Nepal and the project will support GIBL in addressing the demand and supply gap for its growing trade business.

WCS2 GIME Bank 41537	\$20 million loan	FI2	28 Nov 2018 (Invested 2 October 2019)	5 June 2018	Completed when??	The project is a credit line of US\$20 million to be extended to Global IME Bank Ltd. (the Bank or GIME). The project will provide funding to the Bank to support the entities primarily, but not limited to Small and Medium Enterprises ("SMEs") engaged in tourism, agriculture, micro finance and small & cottage industry sectors, as defined in the priority sector guidelines by NRB. 1. Long term funding: This project is part of a concerted effort by IFC in the Nepalese financial sector to enable local banks to access long term USD resources. Facing an environment where liquidity shortages are prevalent and frequent, the Bank will be able to secure stable funding that will help them meet the credit demand in the market. 2. Stamp of Approval: IFC's financing will send a market signal to international banks and other financial institutions that may be reluctant to enter Nepal due to reservations about regulatory uncertainty and sovereign risk. As such, IFC's lending may increase the possibility for additional financing to be provided by external third parties
Corporate Governance	Estimated Total	Advisory	27 Sept 2019	26 Oct 2020	30 June 2021	This project presents a two-year advisory service catered to Yeti Group to

for Yeti Nepal 604269	Budget Pending					provide 1) corporate governance solutions for restructuring its businesses 2) Implementation of the recommendations to the extent possible in the companies under the Tourism and Hospitality sector and other priority companies, and 3) family business governance solutions more specifically for succession planning of second-generation founders ensuring sustainability beyond second generation.*
--	-------------------	--	--	--	--	--

*Yeti Group was granted the land at Pathivhara by the government.

Annex 2: Information requests to IFC and its responses

1. Recourse information request to IFC sent 18 February 2025

Home	Access to Information Policy (AIP)	Transparency and Accountability	Project Mapping
------	------------------------------------	---------------------------------	-----------------

Request for Information

Inquiry Type *
☒ General ☐ Disclosure

Is this the first time you are submitting the request? *
☒ Yes ☐ No

Related Links
[HOW TO APPLY FOR FINANCING](#)
[FIND THE IFC OFFICE NEAREST TO YOU](#)
[FOR JOB SEEKERS](#)

Request Information
Name/Title of Request *

Project Number (if applicable)

Enter details of your request *

According to the ASPI, IFC provided advisory services to IME Group "for the development of 4 cable car projects". First request: can you confirm that this included the project Pathivara Darshan Mukumlung Cable Car Pvt. Ltd.? Second request: what did IFC's advice entail with regards to respect for Indigenous Peoples and their rights? Third request: The project's approval date is listed as Aug 31, 2022 but disclosure date as Jul 2, 2024 - please clarify. Fourth request: The project is still listed as active - can you confirm this is still the case?

Requester Information
First name *

Email *

Street Address 1

City *

Country *

Last name *

Your Affiliation *

Street Address 2

State

Zip/Postal Code

2. IFC response to Recourse sent 3 April 2025

Response to IFC Request for Information

External

Inbox x

⌵

🖨

📧



IFC Corporate Relations <IFC_Corporate_Relations@ifc.org>
to me ▾

3 Apr 2025, 20:29

★

↶

⋮



IFCH-218659868

Dear Kate Geary,
Thank you for your interest in this project. This upstream engagement was not with Pathivara Darshan Mukumlung Cable Car Pvt. Ltd. The scope of our engagement is found in the public disclosure for Nepal cable car: <https://disclosures.ifc.org/project-detail/AS/607394/nepal-cable-car>. The disclosure timeline followed procedure in relation to contractual signing. The engagement did not progress and was concluded in August 2024. The project status has been updated on the disclosure portal to reflect this.
Best regards, IFC Corporate Relations.

Regards,
IFC Corporate Relations

3. Recourse request for meeting with IFC sent 3 April 2024

Excerpt from email send by Daniel Willis to Maria Carolina Hoyos Lievano

Project meeting with Advisory Services

The project we would like to discuss is

here: <https://disclosures.ifc.org/project-detail/AS/607394/nepal-cable-car> Kate submitted a formal information request online on 18 Feb but we have not yet heard any response.

We prefer to discuss these questions face-to-face as we will have partners from Nepal in DC with us. Attending from our side would be Kate Geary, one colleague from Nepal attending in-person, and the affected communities' representative in Nepal joining remotely.”

4. **IFC denied this meeting request verbally.** However, during the week of Spring meetings (21-25 April 2025), Kate Geary of Recourse pressured Ute Reisinger of IFC to meet, given Prabindra Shakya from Nepal was in town. Finally, on the very last day it was agreed to meet and went ahead. On Friday 25 April, at midday in Washington DC (nearly midnight in Nepal) we went ahead with a meeting between Ute Reisinger of IFC, Kate Geary of Recourse, Prabindra Shakya of AIPNEE and Shankar Limbu of LAHURNIP. It was in this meeting that the IFC rep confirmed that Pathivara was indeed one of the four cable car projects supported by the IFC (saying, but you already knew that didn't you? And of course, we didn't know this for sure, as to date, IFC had denied this.) This was the breakthrough we needed so we could now demand this in writing. We then verbally submitted questions to the IFC which they committed to reply to.

5. IFC email response to Recourse 19 May 2025

Dear Kate,

It was good meeting you during the Spring Meetings and thank you for your patience, while our regional teams considered your questions. Below, we share additional information for your consideration.

The specific client for the advisory project was Dream Hills Pvt. Ltd., a company in the IME Group.

The activities proposed under the advisory agreement were to provide technical and commercial analysis and Environmental Impact Assessment (EIA) gap analysis on several cable car projects that were in early-stage development by the IME Group. The work was to be phased over various stages. IFC started with a mapping of the cable car market in Nepal together with a review of the technical specifications proposed by the developer for the Pathibhara Cable Car Project as part of the first stage. The advisory project did not progress beyond this stage, due to a change in priorities of the parties involved. Therefore, it did not reach the stage where an E&S review would be conducted and advice on Indigenous Peoples and EIA would be provided. The project was concluded in August 2024.

No feasibility studies were conducted by IFC under this advisory agreement. Aside from Pathibara, the other cable car projects that were within the scope of the advisory agreement were at Lumbini, Maulakalika and Chandragiri. The agreement was terminated before any work began on these projects.

In line with IFC's Access to Information Policy, IFC does not disclose completion reports for each of its Advisory Services activities. IFC has active projects with Global IME Bank Ltd. focused on SME support and climate smart trade finance. Financing for any of the cable car projects will not fall in either category.

6. Recourse information request to IFC, 4 June 2025

Recourse then attempted to get hold of project documents related to the Pathivara project

The screenshot shows a web browser window with the URL disclosures.ifc.org. The page is titled "Request for Information" and has a navigation bar with links: Home, Access to Information Policy (AIP), Transparency and Accountability, and Project Mapping. The form is divided into several sections:

- Inquiry Type ***: Radio buttons for "General" (selected) and "Disclosure".
- Is this the first time you are submitting the request? ***: Radio buttons for "Yes" (selected) and "No".
- Request Information**:
 - Name/Title of Request ***: Text input field containing "Request for project documents".
 - Project Number (if applicable)**: Text input field containing "607304".
- Requester Information**:
 - First name ***: Text input field containing "Katie".
 - Email ***: Text input field containing "katie@re-course.org".
 - Street Address 1**: Text input field containing "Krajenhoffstraat 137A".
 - City ***: Text input field.
 - Last name ***: Text input field containing "Geary".
 - Your Affiliation ***: Dropdown menu with "NGO" selected.
 - Street Address 2**: Text input field.
 - State**: Text input field.
- Related Links**:
 - [HOW TO APPLY FOR FINANCING](#)
 - [FIND THE IFC OFFICE NEAREST TO YOU](#)
 - [FOR JOB SEEKERS](#)
- Enter details of your request ***: A text area containing the following text:

Further to our initial information request, we now have it confirmed that the IFC did give advisory support to Dream Hills Pvt. Ltd., a company in the IME Group, for the Pathibara cable car project. IFC has further disclosed to us "IFC started with a mapping of the cable car market in Nepal together with a review of the technical specifications." Therefore, we hereby request disclosure of: 1. The mapping of the cable car market; 2. the review of the technical specifications proposed by the developer for the Pathibara Cable Car Project.

7. IFC response to Recourse, 12 June 2025



IFC Corporate Relations <IFC_Corporate_Relations@ifc.org>
to me ▾

Thu 12 Jun, 16:24 ☆ ↩ ⋮



IFCH-359794368

Dear Kate Geary,

Thank you for your interest in the project. In accordance with the IFC's Access to Information Policy, specifically paragraph 11(a) regarding Commercially Sensitive and Confidential Information and 11 (i)(i) and (ii) Deliberative information, we are unable to disclose the mapping document produced as part of our advisory support. The technical specifications of the Pathibara Cable Car are proprietary to the company developer. Therefore, we recommend that you contact them directly for this information.

Best regards, IFC Corporate Relations.

Regards,

IFC Corporate Relations

Annex 3: Urgent Communication to the United Nations Special Rapporteur on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, along with other UN Special Procedures

https://drive.google.com/file/d/12gJCpEBWZQzx5enLAZdPrOZ8ErLcGmc_/view?usp=sharing

Appendix 2: IFC Management Response

INTERNATIONAL FINANCE CORPORATION

**MANAGEMENT RESPONSE TO THE CAO COMPLAINT
ON**

**IFC'S CLOSED UPSTREAM ADVISORY SERVICE ENGAGEMENT WITH DREAMS
HILLS PVT. LTD
(NEPAL CABLE CAR – 01, PROJECT #607394)**

April 30, 2026

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	ii
EXECUTIVE SUMMARY	iii
I. INTRODUCTION	5
II. THE PROJECT	5
III. THE PATHIVARA CABLE CAR	6
IV. CAO COMPLAINT	7
V. CAO POLICY APPLICATION	8
VI. CONCLUSION.....	10

ABBREVIATIONS AND ACRONYMS

AS	Upstream Advisory Services
CAO	Office of the Compliance Advisor Ombudsman
CSO	Civil Society Organizations
E&S	Environmental and Social
FPIC	Free Prior Informed Consent
IFC	International Finance Corporation
PSA	Project Service Agreement
PSs	IFC's Environmental and Social Performance Standards
US\$	United States Dollar
WBG	World Bank Group

EXECUTIVE SUMMARY

- i. This Management Response has been prepared by the International Finance Corporation (IFC) to address the issues raised in a complaint received on August 26, 2025 by the Compliance Advisor Ombudsman (CAO) filed on behalf of members of the Indigenous Limbu (Yakthung) communities from the Taplejung District of eastern Nepal (together referred to as “the complainants”). The complaint alleges environmental and social harm concerning the Pathivara Cable Car project. They allege that IFC can be linked to the Pathivara Cable Car project through a completed Upstream Advisory Services (AS) engagement pursuant to a Project Services Agreement (PSA) with Dreams Hills Pvt. Ltd. (“Dreams Hills”), a holding company within Nepal’s IME Group.
- ii. However, IFC has had no influence on the Pathivara Cable Car project. In October 2022, IFC had entered into a PSA with Dreams Hills to support IFC’s internal assessment of Nepal’s cable car sector and the early-stage viability of selected cable car projects, including an Environmental and Social (E&S) gap analysis of up to four cable car projects in Nepal. However, due to diverging expectations regarding potential post-advisory IFC investments, the AS project was soon cancelled.
- iii. The only activities carried out under the PSA were a market analysis of the Nepali cable car sector and an internal IFC review of the technical proposal for the Pathivara cable car project. IFC did not share the output of these activities with Dreams Hills. IFC did not charge any fees to Dream Hills. In September 2023 as agreed with Dreams Hills, activities under the agreement were paused and never subsequently resumed, and eventually cancelled. The initially contemplated E&S gap analysis, among other activities, did not take place.
- iv. IFC did not advise on, finance, or otherwise support the design, development, or operation of the Pathivara cable car project and has no contractual or operational relationship with the project developer. IFC understands based on public information that Dreams Hills is not even the developer of the Pathivara cable car.
- v. The engagement was closed in August 2024. CAO found the complaint eligible in December 2025, 14 months after closure of the IFC AS project.
- vi. During compliance appraisal, CAO applies criteria set forth in the CAO Policy to determine whether a compliance investigation is necessary. One such criterion is whether there are preliminary indications that IFC may not have complied with its E&S Policies. IFC’s E&S obligation with respect to advisory services, under its Policy on Environmental and Social Sustainability (the “Sustainability Policy”), is to, within the scope of an agreed advisory activity, provide advice and training consistent with the IFC Performance Standards (PSs). Because no advice was provided to Dreams Hills under the relevant scope of agreed advisory activities, Management does not consider that there are indications of non-compliance with the Sustainability Policy. Furthermore, Management does not consider there to be plausible linkage between the alleged harms at the Pathivara cable car project and IFC’s alleged non-compliance.
- vii. In light of these considerations and given the absence of any relationship to the Pathivara cable car, or environmental and social outcomes generated by the closed advisory engagement,

IFC highlights that the criteria for a compliance investigation are not met.

I. INTRODUCTION

1. This Management Response has been prepared by the IFC to address the issues raised in a complaint received on August 26, 2025 by the CAO filled 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 and an alleged link through IFC’s closed Upstream Advisory Services (AS) engagement with Dreams Hills Pvt. Ltd (IFC Project No. 607394).
2. In October 2022 IFC entered into an Upstream Advisory Services engagement pursuant to a Project Services Agreement (PSA) with Dreams Hills Pvt. Ltd. (“Dreams Hills”), a holding company within Nepal’s IME Group, to support IFC’s internal assessment of Nepal’s cable car sector and the early-stage viability of selected cable car projects, including an Environmental and Social (E&S) gap analysis as contemplated under the PSA. The intended E&S gap analysis of selected cable car projects, together with a number of other planned activities, were not carried out. Activities under the PSA were paused by mutual agreement in September 2023 and the AS engagement closed in August 2024.
3. This Management Response is organized into six sections. Section I is this Introduction. Section II outlines the IFC Project. Section III describes the Pathivara Cable Car, Section IV elaborates the CAO case. Section V discusses the CAO Policy Application. Section VI provides the Conclusion.

II. THE PROJECT

4. In August 2022, IFC approved the Upstream Advisory Service, IFC Project No. 607394 (Nepal Cable Car), to explore potential investment opportunities in Nepal’s cable car sector. In October 2022, IFC entered into a corresponding PSA engagement with Dreams Hills, a holding company within Nepal’s IME Group, with an intended scope including conducting commercial, technical, legal, and E&S analysis related to the development of up to four cable car projects in Nepal.
5. The activities were designed in two phases, to include: (i) a technical and commercial analysis in Phase 1; and (ii) a legal and regulatory review and an E&S gap analysis against the IFC Performance Standards in Phase 2, for up to four early-stage cable car projects under consideration by Dreams Hills. As described below, Phase 2 was not implemented.
6. At the time IFC was engaged by Dreams Hills, several cable car projects were at a conceptual stage, and locations and technical specifications were not yet defined. The cable car projects initially selected were to be located in Jalpa Devi, Sikles Annapurna, and Lumbini. The Pathivara cable car project was added to the preliminary list post signing of the PSA, at the Company’s request.
7. Consistent with IFC’s Access to Information Policy, disclosure of advisory projects requires client approval. At signing, the Company did not approve disclosure given the preliminary and undecided nature of the cable car projects to be analyzed as part of Phase 2 of the AS.

Disclosure was made in July 2024, as required for closing the Nepal Cable Car Project (607394) in August 2024.

8. Phase 1 of the activities contemplated by the PSA was partially implemented between March and September 2023. IFC conducted an internal commercial and technical assessment of Nepal's cable car sector. IFC also completed an internal analysis of the technical proposal for only one cable car project selected by the Company, the Pathivara cable car. These early-stage upstream activities were undertaken to inform IFC, and the outputs were not shared with the Company.

9. In September 2023, the PSA was paused by mutual agreement due to diverging expectations regarding potential post-advisory IFC investments, possible deal structure, and the lack of clarity on which cable car projects Dreams Hills wanted to develop.

10. Following several months of inactivity, IFC decided to close the Project (No. 607394) in August 2024.

11. The work under the PSA did not progress to the Phase 2 activities contemplated in the PSA: IFC did not conduct the legal and regulatory review or E&S gap analysis for any proposed cable car project.

12. Since closure of the IFC Project No. 607394 in August 2024, IFC has had no further engagement with Dreams Hills. IFC has an active loan, supported by an Advisory Service engagement, with Global IME Bank Ltd, a separate legal entity that is part of the IME Group, focused on Small and Medium Sized Enterprises and climate smart trade finance. Financing for any of the cable car projects contemplated by the PSA is not within scope of, nor in any way contemplated by, IFC's engagement with Global IME Bank Ltd.

III. THE PATHIVARA CABLE CAR

13. IFC did not advise on, finance, or otherwise support the design, development, or operation of the Pathivara cable car project. The Pathivara Cable Car has never been an IFC project or sub-project.

14. IFC has no information about the financing structure or shareholders of the Pathivara cable car project. IFC has no contractual or operational relationship with the project developer or operator. IFC understands that Dreams Hills is not the developer of the Pathivara cable car project. The developer is a separate entity in the IME Group.

15. IFC monitors publicly available information on contextual risk including local media reporting to identify social unrest and environmental concerns in the country. IFC learned that in January 2025, six months after the closure of the engagement, social unrest emerged in connection with the development of the Pathivara cable car project.

16. In February 2025, the Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE) and Recourse, an international Civil Society Organization (CSO), contacted IFC to request information about the AS engagement with Dreams Hills. Between February and

June 2025, IFC engaged with the CSOs and shared information. IFC clarified that the activities under the PSA were undertaken for IFC's internal purposes and that no E&S advice or guidance had been provided to the Company. In addition, IFC had not invested in or contributed to the design or development of the Pathivara project in any way.

IV. CAO COMPLAINT

17. On August 26, 2025, one year after the IFC Project was closed, 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. 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.

18. The complaint raises concerns regarding the environmental and social impacts of the Pathivara cable car project, including alleged impacts on a sacred Indigenous site, environmental damage such as deforestation, inadequate consultation with affected Indigenous communities, potential effects on local livelihoods, and the use of policing in response to community protests.

19. The complainants assert that IFC's AS engagement with Dreams Hills contributed to these issues and allege that IFC failed to obtain Free, Prior, and Informed Consent (FPIC) from Indigenous communities for the development of the Pathivara cable car project.¹ They request suspension of the project, withdrawal of security forces, and a CAO compliance investigation.

20. The CAO Policy paragraph 49 permits post-exit complaints under exceptional circumstances until 15 months after IFC exit if (i) there are compelling reasons why the complaint could not have been filed before exit, (ii) all of CAO's other eligibility criteria are met, and (iii) after consultation with IFC management, CAO considers that accepting the complaint aligns with CAO's mandate.²

21. From October to November 2025, the IFC project team and managers engaged with CAO to respond to information requests and present IFC's rationale on paragraph 49 eligibility criteria. CAO did not share their rationale for eligibility or provide management with an opportunity to respond.

22. In December 2025, without consulting with IFC management, CAO found the complaint eligible and initiated its assessment. During the assessment, the complainants affirmed their intention for a compliance investigation and the Company was unresponsive.³ The case was transferred to compliance appraisal.

¹ Management Notes that the scope of Advisory Services is to advise clients on the application of the IFC Performance Standards. IFC Performance Standard 7 sets out requirements for clients in certain circumstances to obtain Free Prior Informed Consent from Indigenous communities. These requirements do not apply to the IFC.

² CAO Policy, paragraph 49.

³ IFC does not have information if and how CAO contacted the developer or operator of the Pathivara cable car project.

V. CAO POLICY APPLICATION

23. The CAO Policy establishes the appraisal criteria in paragraph 91 of the CAO Policy in determining whether a compliance investigation is necessary.⁴ CAO examines: (a) whether there are preliminary indications of Harm or potential Harm, (b) whether there are preliminary indications that IFC/MIGA may not have complied with its E&S policies, and (c) whether the alleged Harm is plausibly linked to the potential non-compliance.

Preliminary Indications of Harm

24. Regarding criterion (a) - Preliminary indications of Harm or potential Harm - the complaint alleges environmental and social impacts associated with the Pathivara cable car project, including impacts on Indigenous Peoples, sacred sites, biodiversity, livelihoods, and community safety. Whereas IFC acknowledges the nature and seriousness of these allegations, it has no ability to analyze conditions on the ground.

Preliminary Indications of IFC non-compliance

25. With regards to criterion (b) - Preliminary indications of IFC non-compliance with E&S policies - IFC's relevant E&S obligation with respect to advisory services is to, within the scope of the agreed advisory services (as set forth in the PSA, in this case) provide advice consistent with the IFC Performance Standards.

26. Aligned with E&S requirements for the preparation and approval of Upstream AS, IFC conducted a preliminary E&S and contextual risk screening, including assessing potential biodiversity and cultural concerns for potential cable car projects in Nepal, prior to signing of PSA. The screening recognized that the cable car projects under consideration and anticipated to be part of the PSA, were at a preliminary stage and that locations and technical specifications were not yet defined.

27. As a result of this preliminary E&S screening, the PSA contemplated that selected cable car projects would benefit from, among other activities, an E&S gap analysis reviewing existing environmental and social assessments, if any, against the IFC Performance Standards, as each of the cable car projects reach appropriate stage and are put forward for analysis by the Company.

⁴ CAO Policy 2021, paragraph 91 "(a) whether there are preliminary indications of Harm or potential Harm; (b) whether there are preliminary indications that IFC may not have complied with its E&S Policies; and (c) whether the alleged Harm is plausibly linked to the potential non-compliance"

CAO Policy 2021, paragraph 92 "(a) for any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC Exit; (b) the relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint; (c) whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies; (d) whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant."

28. IFC conducted an internal commercial and technical assessment of Nepal's cable car sector as well as an internal analysis of the technical proposal for one cable car project, the Pathivara cable car. These activities were undertaken to inform IFC on the sector and the project and were not shared with Dreams Hills.

29. No further activities took place after the PSA was paused in September 2023. IFC did not provide any advice to Dreams Hills that could be assessed for consistency with the IFC Performance Standards.

30. IFC notes that the AS was not disclosed on the IFC website at the time of signing. This is because the Company did not approve disclosure at signing of the PSA given the preliminary and undecided nature of the cable car projects to be analyzed. Because engagement with the Company did not proceed, IFC only disclosed the AS in July 2024, as part of the project closure process.

31. The AS project was closed in August 2024 but remained listed as active on the IFC website. This was due to a system configuration that relied on initially entered expected completion dates rather than the actual completion dates recorded at closure. IFC corrected the system and disclosed completion in February 2025.

32. In relation to criterion (b), IFC Management does not consider that non-compliance with the advisory-related requirements of the Sustainability Policy is possible when no advice or training that can be assessed for consistency with the Performance Standards has been provided.

Plausible Link between alleged Harm and potential IFC non-compliance

33. Regarding criterion (c) - Plausible linkage between alleged Harm and potential IFC non-compliance with E&S Policies, Management does not consider that IFC can be linked to harm.

34. The Pathivara Cable Car project was never an IFC project or sub-project. IFC did not finance or otherwise contribute to the design, development, or operation of the Pathivara Cable Car project in Nepal. IFC did not advise Dreams Hills on the potential development of the Pathivara Cable Car. IFC has no information on or any relationship with the Pathivara Cable Car project developer or operator. From media reports, IFC understands that the development of the Pathivara Cable car project began in January 2025, six months after closure of IFC's AS.⁵

35. IFC did not provide any advice to Dreams Hills. The activities carried out under the PSA were only used for IFC internal purposes. Management does not consider these to be plausibly linked to harm to communities in Nepal.

36. IFC acknowledges that the disclosure of the AS on the IFC website in July 2024 limited the complainants' ability to submit a CAO complaint before exit. These circumstances were taken into account in CAO's eligibility determination accepting the complaint 14 months after closure

⁵ Nepal News, February 7, 2025, Exploring the Mukkumlung/Pathibhara Protests: What's Sparking the Unrest? <https://english.nepalnews.com/s/long-reads/exploring-the-mukkumlung-pathibhara-protests-whats-sparking-the-unrest/>.

of the IFC AS.⁶

37. Management also highlights that IFC responded to several information requests from the complainants from February to June 2025, prior to submission of their complaint to CAO, and confirmed that no advice was provided to the Company.

38. Earlier disclosure may have allowed IFC to communicate sooner that IFC did not provide advice for the development of the Pathivara cable car and has no contractual or operational relationship with the project developer. Nevertheless, that would not have affected the complainants' ability to engage with the developer.

Consideration of IFC Exit

39. The CAO Policy sets out that when an IFC Exit has occurred at the time CAO completes a compliance appraisal, CAO will consider whether an investigation would provide particular value in terms of accountability, learning or remedial actions despite an IFC Exit.⁷

40. As outlined above there can be no value for accountability or remedial actions because IFC has not advised, invested in, or contributed to the design or development of the Pathivara project in any way. There are also no learning opportunities arising from the implementation of the contemplated E&S activities because these did not take place.

41. Management concludes that the additional criteria for a compliance investigation when an IFC Exit has occurred at the time CAO completes a compliance appraisal, as set forth in the CAO Policy are not met.

VI. CONCLUSION

42. IFC acknowledges the seriousness of the issues raised by the complainants in relation to the Pathivara cable car project in Nepal.

43. IFC did not provide advice to Dreams Hills and IFC did not finance or otherwise support the design, development, or operation of the Pathivara cable car project and has no knowledge of or contractual or operational relationship with the project developer or operator.

44. IFC's project was an Upstream Advisory Services engagement pursuant to a PSA with Dreams Hills that was closed in August 2024. The advisory engagement was paused and closed before delivery of advisory services and did not result in the provision of technical, legal, or E&S advice to the Company on the Pathivara or any other cable car project in Nepal.

45. Management does not consider that the criteria for a compliance investigation are met.

⁶ CAO Policy, paragraph 49 sets out that in exceptional circumstance, CAO may deem eligible a complaint submitted up to 15 months after an IFC/MIGA Exit.

⁷ CAO Policy paragraph 92.

Disclaimer

The IFC Management Response is provided in connection with the Compliance Appraisal Report of the Office of the Compliance Advisor Ombudsman (CAO) relating to complaints of alleged non-compliance by IFC with its Sustainability Policy in a project supported by IFC finance or investment.

CAO administers IFC's independent accountability mechanism in order to address complaints by people affected by IFC supported projects. As noted in paragraph 9 of the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, CAO has no authority with respect to judicial processes. CAO is not a judicial or legal enforcement mechanism, nor is CAO a substitute for courts or regulatory processes, and CAO's analyses, conclusions, and reports are not intended or designed to be used in judicial or regulatory proceedings or for purposes of attributing legal fault or liability.

Nothing contained in CAO's Compliance Appraisal Report or in this IFC Management Response (1) creates any legal duty, (2) asserts or waives any legal position, (3) determines any legal responsibility, liability or wrongdoing, (4) constitutes an acknowledgment or acceptance of any factual circumstance or evidence of any mistake or wrongdoing, or (5) constitutes any waiver of any of IFC's rights, privileges or immunities under its Articles of Agreement, international conventions or any other applicable law. IFC expressly reserves all rights.

While reasonable efforts have been made to determine that the information contained in the reports is accurate, no representation or warranty is given as to the accuracy or completeness of such information. In preparing the Management Response, IFC does not intend to create, accept, or assume any legal obligation or duty, or to identify or accept any allegation of breach of any legal obligation or duty. No part of CAO's Compliance Appraisal Report or IFC's Management Response may be used or referred to in any judicial, arbitral, regulatory, or other process without IFC's express written consent.

Appendix 3: Additional Appraisal Considerations

The CAO Policy⁹⁰ provides for the compliance appraisal to consider additional considerations, as outlined in the table below.

CAO Policy provision	Analysis for this case
For any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA Exit (para. 92a).	CAO has concluded that in recognition of IFC's closure of its upstream advisory services engagement, a compliance investigation would not provide value in terms of accountability, learning, or remedial action in this case. CAO's preliminary compliance analysis found no indications that IFC failed to meet its Sustainability Policy obligations for the Upstream Advisory Services project, noting IFC's role was limited and did not involve project-specific advice or support for the Pathivara cable car's planning, permitting, consultation, or construction. As a result, CAO did not see a clear causal link between IFC's actions and the alleged harms, making it unlikely that an investigation would yield additional actionable accountability findings. Although CAO identified a potential issue with delayed disclosure under IFC's Access to Information Policy, it did not consider further review likely to add accountability value on the information available. CAO also concluded that learning from an investigation would be constrained because IFC was not embedded in the cable car's implementation; any lessons would likely be general and could be pursued through other channels. Finally, because IFC closed the Upstream AS project in August 2024 and CAO found no definitive evidence of other IFC exposure to the cable car through IME Group engagements, CAO did not identify a clear pathway for an investigation to enable or catalyze remedial action for affected communities.
The relevance of any concluded, pending, or ongoing judicial or non-judicial proceeding	The complainants report that three Supreme Court cases concerning the Pathivara cable car project are still pending, and the

⁹⁰ CAO Policy, para. 92.

regarding the subject matter of the Complaint (para. 92b).	Government of Nepal has formed a multi-stakeholder task force under the Prime Minister's Office to review alleged irregularities and procedural deficiencies related to both Pathivara (Mukkumlung) conservation and the cable car project, with follow-up action expected after the report is submitted. CAO notes these parallel judicial and government review processes. However, it found that the criteria for initiating a compliance investigation were not met, so it did not need to evaluate whether these processes would influence the decision on whether to proceed with an investigation.
Whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies (para. 92c).	Regarding the delayed project information disclosure, IFC has provided an explanation of the disclosure anomaly and subsequent corrective actions—attributing the project's "active" status to a system configuration that relied on expected rather than actual completion dates, correcting the configuration, and disclosing completion in February 2025—along with documented engagement with the complainants' legal counsel and advisors between February and June 2025. IFC also identified a process-control gap in an automated closure prompt that did not account for PSA suspensions prior to commencement and stated it is assessing adjustments to preserve compliance benefits while addressing phased engagements. These steps indicate IFC responded to the issues raised and took remedial action consistent with E&S policy expectations on transparency and process integrity. However, the demonstration would be stronger with evidence that the revised control has been implemented and is operating effectively to prevent recurrence.
Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant (para. 92d).	IFC's Management Response does not include any statements indicating plans to undertake remedial actions to address issues raised by the complainants.

In relation to a Project or Sub-Project that has already been the subject of a compliance investigation, CAO may: (a) close the Complaint; (b) merge the Complaint with the earlier compliance process, if still open, and the Complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the Complaint raises new issues or new evidence is available (para. 93).	Not applicable.
---	------------------------