Dispute Resolution Conclusion Report

Regarding the Complaint Received in Relation to IFC's Investments in Procesadora Nacional de Alimentos, C.A. (Pronaca) (IFC Project No. 41934)

July 2026

List of Acronyms

BIC	Bank Information Center
CAO	Office of the Compliance Advisor Ombudsman
CEDENMA	Ecuadorian Coordinator for the Defense of Nature and the Environment
CONAIE	Confederation of Indigenous Nationalities of Ecuador
FOE	Friends of the Earth
IAM	Independent Accountability Mechanism
IDB	Inter-American Development Bank Group
IFC	International Finance Corporation
MICI	Independent Consultation and Investigation Mechanism (Inter-American Development Bank Group)
Pronaca	Procesadora Nacional de Alimentos C.A.

OVERVIEW

In April 2025, CAO received a complaint from members of communities residing in Santo Domingo de los Tsáchilas, Ecuador, and the Confederation of Indigenous Nationalities of Ecuador (CONAIE), raising concerns regarding the environmental and social impacts of the operations of Procesadora Nacional de Alimentos C.A. (Pronaca). The complaint was submitted with the support of the Ecuadorian Coordinator for the Defense of Nature and the Environment (CEDENMA), the Bank Information Center (BIC), and Friends of the Earth (FOE) USA. The complaint relates to IFC's investment in Pronaca (IFC Project No. 41934).

The complainants alleged that Pronaca's agricultural operations have resulted in adverse environmental and social impacts affecting both indigenous and non-indigenous communities in the region. The main concerns raised include water, air, and health impacts; lack of access to information and oversight; threats and reprisals; loss of livelihood; impacts from associated and third-party operations; and lack of compliance with national laws and environmental standards.

CAO found the complaint eligible on April 29, 2025, and began its assessment process. During CAO's assessment process, and after CAO facilitated discussions on the available pathways, the complainants decided to explore a voluntary dispute resolution (DR) process, while noting their initial preference for compliance. Pronaca also expressed an interest in a CAO-facilitated dispute resolution process. CAO published its assessment report in September 2025, and the case was transferred to CAO's Dispute Resolution function.

Given the concerns about threats and reprisals raised by the complainants during the assessment phase, CAO designed the DR process in line with its Threats and Reprisals Approach, conducting all interactions between the parties (the complainants and Pronaca, together referred to as 'the parties' throughout this report), through shuttle mediation to protect the complainants' identities. Between September 2025 and March 2026, the CAO mediation team carried out three missions to Ecuador, facilitated capacity-building sessions, supported the parties in signing a ground rules agreement for the dispute resolution process, and organized an information-sharing session in which Pronaca presented information relating to the issues raised in the complaint.

Following the information-sharing session, the complainants informed CAO of their decision to end the DR process and transfer the case to CAO's Compliance function. In accordance with CAO policy, the complaint has been transferred to Compliance for appraisal of IFC’s environmental and social performance.

BACKGROUND

Project

The complaint relates to IFC’s investment in Pronaca, referred to as "Pronaca COVID" (the “Project”), approved by IFC’s Board of Directors on May 21, 2021, and involves an A Loan of up to US$50 million.[1] Pronaca, a poultry and pork producer and processor in Ecuador, is a company that is dedicated to agricultural activities. The proceeds of the A Loan are to be used to support Pronaca’s three-year investment plan, which is focused on expanding production capacity, improving operational efficiency, and maintaining the Company’s asset base. Pronaca’s operations comprise over 115 sites, including administrative offices, farms, processing plants, storage facilities, and distribution centers, spread across approximately 10

[1] IFC Project No. 41934

provinces of Ecuador. In addition to its direct operations, Pronaca maintains a network of qualified poultry and pork suppliers.

The Complaint

On April 6, 2025, CAO received a complaint from members of communities residing in Santo Domingo de los Tsáchilas, Ecuador, and the Confederation of Indigenous Nationalities of Ecuador (CONAIE), relating to the operations and activities of Pronaca's poultry and pig farms. The complaint was submitted with the support of the CEDENMA, BIC, and FOE.

The complainants alleged that Pronaca's activities have resulted in adverse environmental and social impacts affecting both indigenous and non-indigenous communities in the region. The concerns raised include: water, air, and health impacts stemming from the company's farming operations, including pollution of the Peripa River and persistent odors; lack of access to information and meaningful consultation, particularly with indigenous Tsáchila communities; threats and reprisals contributing to a climate in which community members are reluctant to voice concerns; loss of livelihood, including impacts on traditional economic activities and food security; adverse impacts from third-party supplier operations that the complainants allege are not subject to adequate environmental or labor oversight; and lack of compliance with national laws and environmental standards, including regulations governing minimum distances between farms and residential areas.

CAO found the complaint eligible on April 29, 2025, and began its assessment process.

CAO Assessment

In the assessment, the complainants and company expressed an interest in engaging in a dispute resolution process facilitated by CAO to resolve the issues raised in the complaint. In accordance with the CAO policy,[2] the complaint was transferred to CAO's dispute resolution function on September 09, 2025.[3]

DISPUTE RESOLUTION PROCESS

During the assessment phase, the complainants shared concerns about threats and reprisals, noting that they feared possible repercussions if their participation in the complaint process became known. In light of these concerns, CAO designed the dispute resolution process in line with its Threats and Reprisals Approach[4]. This approach shaped the planning and execution of the entire DR process, including how missions were structured, how meetings were conducted, and how the information-sharing session was organized.

Preparation for dialogue and capacity building

Following the transfer of the case to CAO's Dispute Resolution function in September 2025, CAO began its selection process for the mediator for this case. Given the complexities of the case and the issues raised, CAO selected two experienced mediators based in Peru to facilitate the DR process. The mediators were introduced to the parties through virtual meetings, during which CAO also began preliminary discussions with both parties on the DR process.

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[2] CAO (Office of the Compliance Advisor Ombudsman). 2021. IFC & MIGA Independent Accountability Mechanism (CAO) Policy

[3] For more information on the assessment phase, please refer to the assessment report: https://www.cao-ombudsman.org/case/ecuador-pronaca-covid-01

[4] Approach to Responding to Concerns of Threats and Incidents of Reprisals in CAO Operations

Between September and December 2025, the CAO mediation team held several virtual coordination meetings with the complainants and their supporting organizations, as well as with Pronaca. These sessions served to introduce the parties to the DR process, explain what to expect during the upcoming in-person missions, and begin identifying the priorities and expectations of each party ahead of the first face-to-face engagement with the mediators.

The CAO mediation team carried out its first in-person mission to Ecuador from December 1 to 5, 2025. During this mission, both parties met the mediators in person for the first time. The mediation team held a full-day meeting with the complainants, during which the mediators explained the CAO process in detail and shared a template for drafting the ground rules that would govern the dialogue. During this meeting, the complainants expressed their interest in beginning the process with an information-sharing session in which Pronaca would present information relating to the issues raised in the complaint. The complainants shared that this would be an opportunity for the company to provide information in good faith and demonstrate its commitment to the dialogue process. In a separate meeting with Pronaca, the company expressed its willingness to engage in the process and agreed to the information-sharing session as a starting point for the dialogue.

The mediation team also began drafting a ground rules agreement to govern the DR process, based on a participatory approach and a consensus building exercise with both parties in bilateral virtual and in-person meetings. Following the December mission, the CAO mediation team held additional virtual meetings with both parties to advance the drafting of the ground rules agreement. More specifically, the logistics of a shared information session were discussed together with ways to uphold the confidentiality of the complainants. The parties also continued refining the types of information they wanted to gain during the information session. The mediation team also facilitated virtual capacity-building sessions on dialogue with both parties, covering topics such as effective communication, active listening, and collaborative approaches to dispute resolution. These sessions aimed to equip the parties with the skills and understanding necessary for constructive participation in the process.

The second in-person mission took place from January 11 to 15, 2026. During this mission, the mediation team discussed the draft ground rules agreement with both parties and facilitated in-person capacity-building sessions. With Pronaca, the sessions included a role-play exercise designed to help the company understand conflict dynamics and the perspectives of the complainants. With the complainants, the sessions focused on negotiation, communication skills, and scenario simulation. The mediation team also held bilateral meetings with Pronaca to support the preparation of their information-sharing presentation, discussing the methodology and scope of the session.

Between the second and third missions, the CAO mediation team continued to hold virtual meetings with both parties to finalize preparations for the information-sharing session, address outstanding questions related to the ground rules, and ensure that both parties were adequately prepared for the upcoming dialogue. The parties signed the ground rules agreement in the lead-up to the third mission. The agreement detailed the objective and principles of engagement in dialogue, the topics that each party wanted to cover during the initial session, the stakeholders and the process of including new representatives or advisors, the logistical aspects of a joint session, and the fact that they wished to conclude the process within one year, among other points.

The information-sharing session

The information-sharing session was held on March 30, 2026. Due to the threats and reprisals concerns, the session was conducted with the complainants, their advisors and the client joining an online call from separate locations to protect the confidentiality of the complainants' identities. The mediators divided themselves between the two parties for the session: one mediator and CAO staff were present with the complainants, while the other mediator and CAO staff were with the company in a different location.

The parties agreed that the complainants would participate anonymously and off camera. As a sign of good faith and transparency, the complainants' advisors and the company representative displayed their names and kept their cameras on. The complainants' advisors joined virtually from their places of residence. This arrangement protected the confidentiality of the process and the identities of the complainants, and was in line with the ground rules agreed by the parties.

The session started with an opening statement from the complainants that was read out by the mediator. Pronaca then made its presentation. The complainants shared their reactions to the presentation through the CAO mediator, and Pronaca provided a response. After this, the information-session was concluded.

Transfer to Compliance

Following the information-sharing session, the complainants indicated that the session did not sufficiently address their specific concerns and formally communicated to CAO that the DR process was not conducive to addressing the core issues of the complaints. Consequently, they informed CAO of their decision to transfer the case to CAO's Compliance function. In accordance with CAO Policy, the case has been transferred to CAO's Compliance function.

CHALLENGES, REFLECTIONS AND LESSONS LEARNED

This case presented several challenges, reflections, and learning opportunities.

Navigating Overlapping CAO and MICI Processes

A particular complexity in this case was that the complaint was being addressed simultaneously through the DR function at CAO and the Compliance function at MICI, the IDB accountability mechanism. The complaint was nearing the end of its process at MICI, with a compliance report issued in September, 2025, and a pending Management Action Plan, while just starting a DR process at CAO. While initially the CAO and the parties felt optimistic about the potential synergies between a CAO DR process and the conclusion of the MICI investigation, these parallel tracks raised challenges around process timing and coordination, managing parties' expectations about what each mechanism could deliver, while also generating uncertainty about how one process could affect the other and to what extent the parties could realistically use both tracks to advance a better outcome.

Building trust in a shuttle diplomacy context

Given the concerns about threats and reprisals raised by the complainants, the DR process was conducted entirely through shuttle diplomacy, meaning the parties did not meet each other directly at any point during the process. While this approach was essential to protect the complainants' identities and to address their concerns for safety, it created challenges for building trust between the parties and in the process. In a traditional mediation setting, joint sessions provide opportunities for parties to observe each other's tone, body language, and willingness to engage and other cues that help build confidence in the process and in each other. Without these direct interactions, the mediation team had to work to bridge the trust gap through separate sessions, relying on careful communication between the parties. This experience underscores the importance of designing additional trust-building mechanisms when shuttle diplomacy is required, recognizing that the absence of direct contact between the parties places greater demands on the mediation team to foster confidence in the process.

Dialogue processes must continue to refine how trust is built incrementally when protective boundaries are needed, recognizing that the foundational prerequisite for any dialogue is prioritizing the security of the participants.

Navigating logistical and technical realities

Both parties in this complaint were involved in numerous capacity-building and preparation sessions in person and online. Based on the experience of the CAO and its mediators, these sessions are key to define the initial ground rules and establish a mutually acceptable way forward. While some of the content can be broached virtually, other preparatory activities are better conducted in person. While meetings with Pronaca were held at the company's premises, complainants were required to attend preparatory sessions in person at a designated location, often involving travel. Though not intentional, CAO acknowledges that this may have placed a greater practical burden on the complainant group and is a consideration for the design of future sessions in similar contexts.

Conducting the information-sharing session virtually, while necessary to protect the complainants' identities, also saw logistical and technical challenges. Operating in a new physical context, required significant planning, and ongoing adjustments. These ranged from planning the way complainants would attend while maintaining confidentiality, how to gather and present questions from either side, selecting online representatives for both sides, drafting PowerPoints and opening statements, the online participation of the complainant's advisors, in addition to technical challenges in the conference room that had to be resolved in real time. These difficulties led to delays in the planning of the session and in its start the day of the meeting, which resulted in less time for the session. This experience highlights the importance of thorough methodological and technical preparation, and contingency planning when conducting virtual sessions in unfamiliar settings, particularly at critical junctures of the dialogue process.

Maintaining momentum while building a foundation for dialogue

The discussion and finalization of the ground rules agreement took considerable time, reflecting the complexities of the case and the level of mistrust between the parties. While ground rules are an important foundation for the DR process, a prolonged preparatory phase carries the risk of losing the momentum and commitment that parties bring when they first agree to engage. At the same time, the ground rules agreement was not merely a procedural step, but a cornerstone for creating a safe and structured space for dialogue, particularly given the concerns for threats and reprisals. A key lesson is the need to carefully balance these competing considerations: moving too quickly risks pushing parties into dialogue before they have agreed on how they wish to engage with one another, which could lead to a premature breakdown of the process; moving too slowly risks losing momentum before substantive engagement can begin. Finding the right pace requires ongoing assessment of the parties' readiness and the parties' recognition that, in cases involving deep mistrust, the time invested in establishing the rules of engagement may itself be an essential part of the trust-building process.

CONCLUSION AND NEXT STEPS

Following the information-sharing session held in March 2026, the complainants informed CAO of their decision to end the dispute resolution process and transfer the case to CAO's Compliance function. In accordance with CAO policy, the case has been transferred to CAO's Compliance function for appraisal. The compliance appraisal will determine whether a compliance investigation of IFC's environmental and social performance related to its investment in Pronaca is warranted.

APPENDIX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO's Dispute Resolution function. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the complainant(s); (2) gather information on how other stakeholders see the situation; (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,[5] the following steps are typically followed in response to a complaint that is received:

Step 1: **Acknowledgment** of receipt of the complaint.

Step 2: **Eligibility:** Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).

Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if, after the 90-business day period, (1) the parties confirm that resolution of the complaint is likely; or (2) either party expresses interest in dispute resolution, and there is potential that the other party will agree.

Step 4: **Facilitating settlement**: If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.[6]

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days,

[5] For more details on the role and work of CAO, please refer to the IFC/MIGA Independent Accountability Mechanism (CAO) Policy: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy

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

with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

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

Step 6: **Conclusion/Case Closure**