



The Independent Accountability Mechanism for IFC & MIGA

3 SEPTEMBER 2025

Compliance Deferral Outcome Report

Complaint regarding Shapoorji Pallonji in India

Decision to proceed with CAO compliance investigation

IFC Project #34628

About CAO

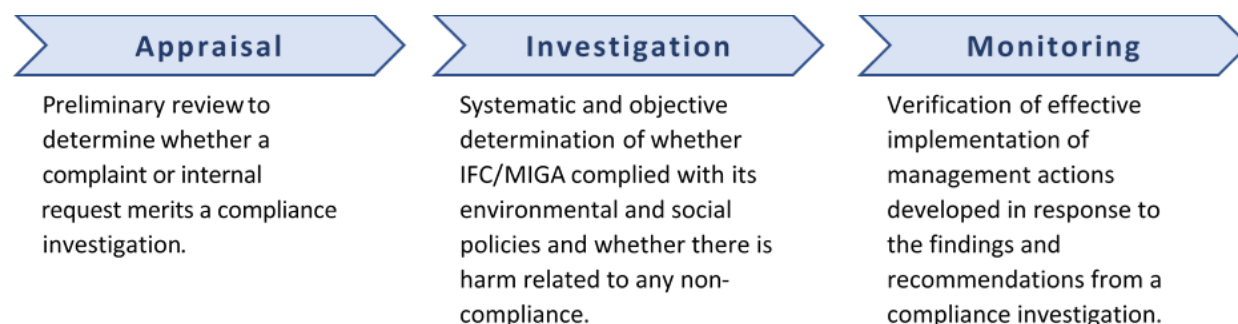
The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected 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:



About this Report

This report is the second deferral outcome report issued by CAO since the new deferral option was introduced under the 2021 CAO Policy (para. 103). Deferral by CAO of a decision to investigate a complaint provides an opportunity for IFC/MIGA, clients, and complainants to resolve project-related environmental and social issues directly. This new option is a policy innovation that aims to promote early resolution of community complaints to CAO.

In the Shapoorji case, while the complaint issues met the requirements for a CAO compliance investigation, CAO deferred the decision to investigate after considering a request from IFC and following consultations with the complainants. An initial six-month deferral was extended for a further 14 months, ending in November 2023. This report provides a brief summary of the complaint, IFC/client response, and CAO compliance appraisal findings before describing CAO's analysis of the actions IFC committed to undertake during the deferral period. It ends with a summary table of these commitments, IFC and client actions in response, and CAO's determination on each commitment.

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Acronyms

Acronym	Definition
ADB	Asian Development Bank
CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESMS	Environmental and Social Management System
ESRS	Environmental and Social Review Summary
GM	Grievance Mechanism
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
MTAL Act	Maharashtra Tenancy and Agricultural Lands Act of 1948
PS	Performance Standards (IFC)
PS1	Performance Standard 1 (Assessment and Management of Environmental and Social Risks and Impacts)
PS5	Performance Standard 5 (Land Acquisition and Involuntary Resettlement)
TOR	Terms of Reference

Executive Summary

This report provides CAO's analysis of IFC's actions during the deferral period for a complaint regarding IFC's investment in the Shapoorji Pallonji Group and a sub-project near Pune in India. CAO deferred a compliance investigation in this case to allow IFC to implement a timebound action plan to resolve the land-related issues raised by the complainant. In November 2023, IFC informed CAO that it had completed all its deferral commitments, although it had left the finalization of the assessment of land use and occupation pending. As described in this report, CAO concludes that IFC has not substantially addressed the complaint issues and that there is particular value for accountability, institutional learning, and remedial action from conducting an investigation. Therefore, CAO has decided to proceed to an investigation in this case.

IFC Investment and Complaint to CAO

In 2015, IFC invested equity in a holding company named Joyville Shapoorji Housing Private Limited ("Shapoorji Joyville" or "the client"), established by the Shapoorji Pallonji group to develop eight to ten affordable housing sub-projects across India. To date, Shapoorji Joyville has developed six sub-projects, including one in Manjri ("the Manjri sub-project") on the outskirts of the city of Pune, in Maharashtra state. The Manjri sub-project occupies part of a 42-acre plot owned by Shapoorji Pallonji subsidiary Manjri Horse Breeders Private Limited ("Manjri Horse Breeders"), which granted development rights to Shapoorji Joyville in 2019.

In December 2020, CAO received a complaint by a former tenant of eight acres of the Manjri sub-project land. The complainant alleges that land leased by his family since 1952 was taken from him in 2014 and sold to Manjri Horse Breeders. He claimed that he remained in a house on the disputed land until 2015, when he became ill, returning to find the house demolished along with his personal belongings.

CAO Process

In March 2022, CAO's compliance appraisal determined a compliance investigation was merited regarding IFC's obligation to ensure the client adequately applied Performance Standards 1 and 5 requirements to the investment. However, at IFC's request and after consulting the complainant, CAO deferred the investigation to allow IFC to implement an action plan in response to the complainant's allegations of physical and economic displacement.¹

CAO established a monitoring framework for the deferral period based on deliverables and timelines agreed with IFC. The deferral action plan focused on the complaint issues for which CAO found preliminary indication of non-compliance and Harm. In November 2023, IFC informed

¹ In cases that meet the criteria for a compliance investigation, CAO may decide to defer the investigation when: (i) IFC includes in its Management Response to the complaint timebound specific commitments commensurate with the issues raised in the case and consistent with IFC/MIGA policy requirements, (ii) the alleged Harm is clearly defined, limited in scope, and amenable to early resolution, (iii) the CAO DG considers the views of the complainant as to the impact (positive and negative) of a decision to defer, and other information deemed relevant by CAO. CAO Policy, para. 98.

CAO that it had completed all agreed actions, although an independent assessment of PS5 applicability was pending finalization after feedback from IFC and CAO, as follows:

Deferral period committed action ²	IFC and client actions
<p>Engage an independent consultant to carry out an assessment of the complainant's claims related to informal use and occupation of the disputed land, according to the requirements of PS5; based on the assessment, determine and implement any required mitigation measures.</p>	<p>IFC hired a consultant to assess the complainant's claim of land use and occupation, even without legal rights to the land. A draft was completed and shared with CAO in February 2023.</p> <p>The draft assessment concluded that the complainant's claims of land ownership and economic displacement were unsubstantiated, but that the complainant's claim regarding loss of his house had partial merit and compensation should have been provided for the structure prior to its demolition, highlighting PS5 gaps in the client's land acquisition process. The draft assessment determined, on a balance of evidence, that the complainant probably owned and occasionally lived in the house and thus was owed compensation for its demolition.</p> <p>CAO provided extensive feedback on the assessment, identifying significant shortcomings in its methodology, analysis, and compliance with PS5 and providing recommendations for improvement.</p> <p>After CAO's feedback, IFC stated that the assessment had significant gaps, which needed to be addressed before requiring the client to compensate the complainant. Shapoorji Joyville informed IFC and CAO that it would not pay any compensation to the complainant, stating that it had complied with all IFC's E&S requirements and had strong objections to the complainant's claims. The assessment was never finalized and IFC indicated it would not require the client to follow the draft assessment's recommendation, given IFC's reservations with its conclusions, and requested CAO's guidance on how best to proceed.</p>
<p>Review and update the client's Land Purchase Policy, the terms of reference (TOR) for the E&S and land purchase review consultants, and the procedure for the grievance mechanism to include consideration of informal land users and occupiers.</p>	<p>The client, with guidance from IFC, updated its Land Purchase Policy, its consultants' TORs for the land purchase reviews, and the procedure for the project community grievance mechanism to include consideration of informal land use and occupation.</p> <p>The updates to the Land Purchase Policy and TOR for the land purchase review include conditions for the project to consider informal users and occupiers, including the timeframe for the land due diligence and review, awareness of the ultimate use of the aggregated land, and requirements for evidence of occupation or land use.</p>
<p>Carry out a training session with the client on the updated land purchase policy, TOR, and grievance mechanism procedure.</p>	<p>IFC carried out two trainings on the updated policies and procedures and PS1/PS5 requirements regarding land</p>

² The deferral actions in this table are aggregated and summarized into three commitment areas. The six individual commitments are detailed in Annex 1.

	<p>acquisition, the grievance mechanism, the prohibition of retaliation, and the need to prevent and respond to reprisals.</p> <ul style="list-style-type: none"> • One training was carried out in person in October 2022 with senior management of the land and legal team of Shapoorji Joyville (the client), Shapoorji Pallonji (the sponsor and parent company of the Shapoorji group), and Manjri Horse Breeders. • A virtual session was conducted with staff from Shapoorji Joyville from multiple project locations in December 2022.
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CAO Analysis

Performance Standard 5 (Land Acquisition and Involuntary Resettlement) establishes binding requirements on IFC clients regarding the physical and economic displacement of persons without formal or recognizable rights or claims to the land they use or occupy. Both PS5 and PS1 (Assessment and Management of Environmental and Social Risks and Impacts) require project-level grievance mechanisms for potentially-affected people to submit complaints without retribution. In this case, CAO considers³ that IFC has not substantially addressed the issue of the complainant's PS5 entitlements for use and occupation of land without recognizable legal rights, as follows:

- IFC did not complete its commitment to carry out an independent assessment of the disputed land's use and occupation or implement the recommended mitigation measures in the assessment.⁴
- The draft assessment did not take into account all the relevant aspects and requirements under PS5. As a result, key issues in the complaint were not addressed, including the complainants assertion that factors such as his alleged long held tenancy, possible lease rights to the residential land, his alleged cultivation of the land before 2012, and the trees and other assets that were potentially in the land or house.⁵ CAO has identified inconsistencies in the draft assessment with conditions and methodology required by PS5 to look at all available evidence, not just legal documents, and with the project's E&S Action Plan that required a review of land use and occupation for the three years prior to purchase of the land (which in this case seems to be from 2011-2014).⁶

³ CAO's considerations in this report are preliminary and not a definite assessment of the relevant facts in this case, which can only be done after a compliance investigation has been conducted, where CAO is able to independently and impartially review, assess, and consider all information and supporting evidence (CAO Policy, para. 94).

⁴ A draft assessment was prepared by a consultant, as per the deferral suite of commitments, however, it was never completed.

⁵ While the draft assessment examined and recognized the complainant's physical displacement from the house on the basis of a broader balance of evidence, most of the draft assessment, as well as IFC's actions during the deferral period, overly rely on legal documents and focus narrowly on whether or not the complainant legally owned the house and land cultivated. This approach dismissed the value of broader evidence, such as testimonies and contextual factors, particularly in relation to the complainant's possible economic displacement and rights to replacement costs for assets beyond the house.

⁶ IFC has argued that the three years prior to purchase should be understood as three years prior to purchase by the client, Shapoorji Joyville, or three years prior to the sub-project being considered by the client (i.e., three years prior to the development agreement signed between Shapoorji Joyville and Manjri Horse Breeders for the land). CAO will look into this matter during the compliance investigation.

- IFC's commitment in the deferral action plan included following the mitigation measures recommended by the independent assessment, as required by PS5. The draft assessment recommended the complainant be compensated for the demolition of the house. However, given the assessment was not completed, this aspect of the deferral commitment remained unfulfilled.
- The project's policy updates and training implemented during the deferral period include limitations and replicate assessment shortcomings, regarding the consideration of potential informal land users and occupiers that do not seem consistent with PS5 provisions or the ESAP requirement to carry out land due diligences covering three years before land purchase.

CAO Decision and Next Steps

At the end of the deferral period, CAO may close the case in question, extend the deferral period, or proceed to a compliance investigation.⁷ After reviewing all the information provided by IFC, and consulting the complainant, CAO considers that IFC has not substantially addressed the issues raised in the complaint and, thus, has decided to proceed with a compliance investigation.⁸

As described above, IFC has not substantially addressed the complaint issues related to the consideration of use and occupation of land purchased for project development, to which people—such as the complainant—might not have a recognizable legal right. As a result, CAO considers there is value for accountability, institutional learning, and remedial action to proceed to a full independent, impartial, fair, and equitable compliance investigation.⁹

CAO considers there is particular value for accountability because none has been reached in this case. IFC and its client continue to question the applicability of PS5 requirements to the use and occupation of land and structures, even after an independent draft assessment determined the complainant was owed compensation for the demolition of the house he used and probably owned on Manjri sub-project land. CAO finds that the preliminary indications of non-compliance and related Harm identified in the appraisal remain present in the way IFC requires its client to apply PS5 requirements. Regarding remedial action, CAO believes that a compliance investigation into this complaint will provide an opportunity for a closer examination of the indications of related Harm and the identification of remedial solutions. Regarding institutional learning, CAO believes an investigation could result in valuable lessons on PS5 application to the use and occupation of land and structures by people without recognizable relevant legal rights.

CAO shares this report, which includes the Terms of Reference of the compliance investigation, with the IFC Board of Directors, the World Bank Group President, IFC Management, the client, and the complainant, and publishes it on CAO's website.

⁷ CAO Policy, para. 102.

⁸ The CAO policy requires that the CAO DG decide to "Proceed to a compliance investigation if issues have not been substantially addressed or if there is otherwise particular value for accountability, institutional learning, or further remedial action." CAO Policy, para. 102.c.

⁹ CAO Policy, para. 10 on CAO's core principles.

1. IFC Investment

In 2015, IFC committed to a US\$34.4 million equity investment in an affordable housing holding company named Joyville Shapoorji Housing Private Limited (“Shapoorji Joyville” or “the client”), promoted by Shapoorji Pallonji and Company Private Limited, the group’s flagship company (“Shapoorji Pallonji” or “the sponsor”).¹⁰ Shapoorji Joyville was set up to develop eight to ten affordable housing sub-projects in or close to large metropolitan areas across India. At the time of this report, Shapoorji Joyville had developed six such sub-projects, including one in Manjri (“the Manjri sub-project”) on the outskirts of the city of Pune, in Maharashtra state. IFC made three disbursements totaling US\$3.5 million between August 2019 and March 2020 for the Manjri sub-project, which is under development on part of a 42-acre plot owned by Manjri Horse Breeders Private Limited (“Manjri Horse Breeders”), a subsidiary of Shapoorji Pallonji. Manjri Horse Breeders granted Shapoorji Joyville development rights to the area in 2019.

IFC classified its equity investment in Shapoorji Joyville as a Category B project under the Sustainability Policy, on the basis that its potential environmental and social (E&S) impacts were limited and could be avoided or mitigated. The Asian Development Bank (ADB) is also an investor in Shapoorji Joyville.

2. CAO Complaint and Process

2.1 Complaint

In December 2020, the Compliance Advisor Ombudsman (CAO) received a complaint by a former tenant of part of the land used for the Manjri sub-project. The complainant alleged that eight acres of land leased by his family since 1952 were forcibly and illegally taken from him in 2014 and shortly after sold to Manjri Horse Breeders for development of the Manjri sub-project. The complainant alleges that he continued to live in a house on the disputed land until 2015, when he became ill, after which he returned to find the house demolished along with his personal belongings. He also claims: a) that a stream on the disputed land could be damaged by the housing scheme’s construction; and b) that he has been subjected to external pressure and threats to withdraw his case from the Indian courts and CAO process.

2.2 IFC and client responses

On November 2, 2021, CAO received IFC’s Management Response to the complaint. In summary, IFC argued that it had not committed non-compliances under the Sustainability Policy in relation to its Performance Standard 5 (PS5) on Land Acquisition and Involuntary Resettlement, the provisions of which are binding on clients. Specifically, IFC stated that:

- PS5 did not apply to this investment because land purchases for the housing development were to be carried out through voluntary, negotiated transactions

¹⁰ Shapoorji Pallonji and Company Private Limited is a global, diversified conglomerate of 15 major companies. One of their main areas of business are engineering, construction and real estate. See: <https://www.shapoorjipallonji.com/>

- Appropriate E&S safeguards were integrated into the investment agreement and the Manjri sub-project was developed following these requirements
- Manjri Horse Breeders' possession of the land followed a voluntary and negotiated transaction with landowners and involved land that was vacant, free of encumbrances, and without risk of causing physical or economic displacement
- The housing development would not encroach on or obstruct any water streams
- IFC had engaged the client in relation to the complainant's allegations of reprisals and assured the client's commitment not to engage in retaliatory action
- In upcoming Manjri sub-projects developed by Shapoorji Joyville, E&S screening would be updated with an additional focus on assessing the impact of any involuntary resettlement of informal land users and occupiers.

The client also submitted a response to the complaint. In summary, Shapoorji Joyville asserts that the disputed land was acquired by a special purpose subsidiary company of Shapoorji Pallonji – Manjri Horse Breeders- from the erstwhile owner peacefully in August 2014, after Indian courts dismissed the complainant's claims and after confirming the former owner's title to the land.

2.3 CAO case process

CAO found the complaint eligible for further assessment in December 2020.¹¹ The complainant and client did not reach consensus on entering a CAO-facilitated dispute resolution process. As a result, with the complainant's consent, CAO transferred the case to its compliance function for appraisal in October 2021.¹² On March 17, 2022, CAO concluded its compliance appraisal and determined that a compliance investigation was merited. However, under para. 98 of the CAO Policy, CAO decided to defer the compliance investigation, pending the completion of an action plan agreed with IFC and its client.¹³

CAO concluded an investigation was merited regarding the complainant's alleged displacement from land that he allegedly used and lived on,¹⁴ on the following basis:

- (i) There were **preliminary indications of harm to the complainant**, based on evidence that he lived on and cultivated land acquired by Manjri Breeders, a subsidiary of Shapoorji Pallonji, which Shapoorji Joyville used for the Manjri sub-project. The

¹¹ CAO, Assessment Report Regarding Concerns in Relation to IFC's Investment in Shapoorji Pallonji (#34628) in India October 2021, available at: <https://officecao.org/4lkPTCG>

¹² CAO, Assessment Report Regarding Concerns in Relation to IFC's Investment in Shapoorji Pallonji (#34628) in India October 2021, available at: <https://officecao.org/4lkPTCG>

¹³ CAO, Compliance Appraisal Report regarding Shapoorji Pallonji (IFC project #34628), India, March 17, 2022, available at: <https://officecao.org/3UdpefZ>

¹⁴ In addition to these claims, the complaint includes allegations regarding legal ownership of the disputed land and impacts on a natural stream (Odha) used for irrigation in the area, which according to the complainant would be damaged due to sub-project construction. CAO excluded these two issues from the investigation because it concluded they did not meet the necessary criteria for a compliance investigation as there were no preliminary indications of harm and non-compliance by IFC regarding these issues. CAO also concluded that IFC's responsibility regarding the legal ownership of the disputed land had been met, which is to ensure that its client has exercised due diligence in relation to legal disputes and the land acquisition process following national law. Regarding the stream, CAO found no indications of non-compliance or Harm because IFC ensured that the client carry out an E&S screening study which did not find a stream on the disputed land.

complainant alleges he was evicted from and required to cease farming this land less than three months before Manjri Breeders acquired it in 2014. He also alleges that he continued to reside in a house on the land until it was demolished by the company in 2015 (see section 3.1 for more details). CAO found there are preliminary indications that the complainant could have suffered harm related to the Manjri sub-project on two grounds. First, the possible loss of income he had generated by cultivating crops on the disputed land. Second, the possible loss of his house and related improvements, furnishings, and farming equipment, when Manjri Horse Breeders demolished the house without compensating him.

- (ii) There were **preliminary indications of non-compliance**, specifically that IFC may not have properly applied Performance Standard 5 (PS5) on Land Acquisition and Involuntary Resettlement to its investment in Shapoorji Joyville. In addition to legal owners of land and property, PS5 applies to project-related displacement of persons who have no recognizable legal right or claim to the land or to assets they occupy or use. IFC verified that the client conducted legal due diligence in relation to the acquisition of land for the Manjri sub-project, which concluded that the client acquired all the land with a clear title. However, based on available evidence, CAO found preliminary indications that IFC did not require the client to assess or mitigate the potential impacts of project-related land acquisition on users who did not have recognizable legal rights, as required by PS5.
- (iii) **The alleged Harms to the complainant was plausibly linked to IFC's potential non-compliance.** The purpose of PS5 includes minimizing adverse social and economic impacts from project-related land acquisition by providing appropriate compensation for loss of assets.¹⁵ PS5 includes provisions that may apply to the complainant's situation and which may not have been applied properly by IFC to its investment in Shapoorji Joyville. Thus, CAO found that the harm alleged by the complainant (loss of income, housing, equipment, and personal belongings) is plausibly linked to IFC's potential lack of proper application of PS5 in this investment.

Decision to defer and IFC commitments

In cases that meet the criteria for a compliance investigation, CAO may decide to defer the investigation when, among other criteria, IFC includes in its Management Response timebound, specific commitments commensurate with the issues raised in the case and consistent with IFC/MIGA policy requirements. In addition, the alleged Harm should be clearly defined, limited in scope, and appear to be amenable to early resolution.¹⁶ After granting a deferral of the investigation, CAO establishes a monitoring framework with scheduled reporting from IFC on the progress made on its commitments. Upon conclusion of the deferral period, CAO must issue a report determining whether Management has addressed the issues raised in the case.¹⁷ CAO

¹⁵ (PS5, Objectives).

¹⁶ CAO Policy, para. 98. The other criteria to defer an investigation is considering the views of the complainant as to the impact (positive and negative) of a decision to defer; and other information deemed relevant by CAO.

¹⁷ CAO Policy, para. 100.d and 103.

may then close the case, extend the deferral period or proceed to a compliance investigation.¹⁸ To close a case after a deferral period, CAO must determine that the issues raised have been substantially addressed and there is no particular value for accountability, institutional learning, or remedial action from conducting an investigation.¹⁹ Otherwise, CAO must proceed to a compliance investigation.²⁰

In this case, in March 2022, CAO granted a deferral of the investigation following IFC's request and commitment to²¹:

1. Engage an independent consultant to: carry out an assessment of the complainant's claims related to informal use and occupation of the disputed land, according to the PS5 requirements; and, based on the assessment, determine, and implement any required mitigation measures.
2. Review the client's land purchase policy formulated for the project to ensure that the assessment of informal land uses is integrated into it.
3. Review the Terms of Reference (TORs) used by the client for engaging independent E&S due diligence consultants and land purchase process review consultants to include the assessment of informal land uses and undertake the stakeholder consultations necessary to identify current and past issues and claims on the said land parcels.
4. Carry out a training session with the client on the updated land purchase policy and Terms of Reference.
5. Review and update the client's existing community grievance mechanism to confirm that it covers grievances arising out of land purchases for the project, consistent with PS1 and PS5 requirements, as well as its dissemination among relevant stakeholders in project areas
6. Carry out a training session with the client on the updated grievance mechanism procedure.

CAO established a monitoring framework based on deliverables and timelines offered by IFC to complete each of these actions. CAO reviewed IFC's commitments during the deferral period to ensure they were carried out consistent with relevant IFC Sustainability Framework requirements, particularly relevant Performance Standard 1 (Assessment and Management of Environmental and Social Risks and Impacts) and Performance Standard 5 (Land Acquisition and Involuntary Resettlement) provisions. At any time during the deferral period, the complainant could raise concerns with CAO about IFC's implementation of agreed actions and commitments. Further details of CAO's monitoring framework for each of the six commitments are provided in Section 3 and the Summary Table in Annex 1.

¹⁸ CAO Policy, para. 102.

¹⁹ CAO Policy, para. 102.a.

²⁰ CAP policy, 102.c indicates that: "Upon the conclusion of the deferral period, CAO DG may decide to: a. Close the case if the issues raised in the complaint have been substantially addressed and there is no particular value for accountability, institutional learning, or remedial action from conducting an investigation; [...] c. Proceed to a compliance investigation if issues have not been substantially addressed or if there is otherwise particular value for accountability, institutional learning, or further remedial action."

²¹ CAO, Compliance Appraisal Report regarding Shapoorji Pallonji (IFC project #34628), India, March 17, 2022, available at: <https://officecao.org/3UdpefZ>

The deferral period was initially proposed for six months, ending in September 2022. IFC Management then requested an extension, which CAO granted.²² In November 2023, IFC informed CAO that it had completed all actions in the deferral action plan, although the PS5 independent assessment was pending finalization after feedback from IFC and CAO.

By this time, a draft assessment, which recommended the complainant be paid a certain compensation for the house, had been completed by the independent consultant hired by IFC. After receiving feedback from CAO on the draft assessment, IFC informed CAO that it had reservations regarding PS5 applicability to the complainant's claims (see section 3.1 for more details). As a result, IFC's stance was that it would advise the client to pay the complainant the compensation recommended by the draft assessment, but would not require Shapoorji Joyville to do so.ⁱ Shapoorji Joyville decided not to provide the compensation recommended by the independent assessment.ⁱⁱ Nevertheless, IFC reiterated its commitment to resolving the case and stated it would seek guidance from CAO on how best to proceed.ⁱⁱⁱ

During the deferral period, CAO consulted the complainant regarding the PS5 assessment of his land use and occupation, engaged with him multiple times regarding allegations of threats and reprisals and, in general, served as an intermediary between him, IFC, and the client (see section 3.5).

For its part, IFC provided CAO with access to all materials, evidence, and relevant persons involved in each of the actions and deliverables agreed upon, which allowed CAO to properly monitor IFC's commitments and its compliance with relevant Sustainability Framework requirements. In May 2025, while reviewing the information previously sent by IFC, CAO asked IFC for any updates or additional information. In June 2025, IFC Management informed CAO they had no updates or new information to share regarding this case.

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

3. Deferral Period Actions and CAO Monitoring and Analysis

The scope of this CAO deferral outcome report is limited to issues included and actions committed by IFC to address them as presented in CAO's appraisal report.²³

PS5 establishes binding requirements on IFC clients regarding the physical and economic displacement of persons without formal or recognizable rights or claims to the land they use or occupy, while PS1 and PS5 requires project-level grievance mechanisms for potentially affected people to submit their complaints without retribution.²⁴ These are the E&S issues regarding which

²² The CAO policy allows for the CAO DG to "Extend the deferral period if considerations [to grant the deferral according to paragraph 98 in the Policy] remain [...], and there is in CAO's analysis a high likelihood of the issues being resolved within a defined extension period". CAO Policy, para. 102.b.

²³ CAO Policy, para. 88.

²⁴ PS5 11, 17, 22, 27, 28, PS1, para. 35.

CAO found preliminary indications of non-compliance and related Harm in its compliance appraisal.

CAO's monitoring and analysis during the deferral period of March 2022 to August 2025 assessed IFC's implementation of the six commitments outlined above and determined whether its actions substantially address the issues raised in the complaint, and whether there is any particular value for accountability, institutional learning, or remedial action from conducting a compliance investigation, as required by the CAO Policy.²⁵

To present its analysis, CAO grouped the six IFC commitments into three areas: (i) the PS5 assessment of the complainant's land use and occupation; (ii) the reviews and updates of project policies and procedures (the land purchase policy, the TORs for project E&S consultants, and the GRM procedure); and (iii) the client staff trainings on these updated policies and procedures.

The subsections below summarize CAO's compliance appraisal findings relevant to these three commitment areas and then describe related actions taken by IFC, its expert consultant, and the client. Summary data from the Deferral Action Plan are included at the top of each subsection to provide an at-a-glance overview.

As described below and in the full Summary Table in Annex 1, **CAO found that IFC's actions during the deferral did not substantially address the issues raised in the complaint for the reasons explained below.**

3.1 PS5 assessment of complainant's land use and occupation

Deferral Action Plan				
Committed action	Conditions, deliverables and timeframe	CAO monitoring framework ²⁶	IFC and client actions	CAO determination
Engage an independent consultant to carry out an assessment of the complainant's claims related to informal use and occupation of the disputed land, according to the requirements of PS5; based on the assessment, determine and implement any required mitigation measures.	<ul style="list-style-type: none"> Consultant TOR Consultant report 20 weeks from start of deferral period 	<p>CAO to review and provide feedback to IFC on:</p> <ul style="list-style-type: none"> Assessment conducted by a qualified consultant with TOR approved by IFC following CAO review. Assessment and development of any subsequent mitigation 	<p>IFC hired an E&S consultant in August 2022, who conducted the assessment. In February 2023, a draft assessment was completed and shared with CAO.</p> <p>The draft assessment concluded that the complainant's claims of land ownership and economic displacement were unsubstantiated, but that his claim regarding loss of the house had partial merit and compensation should have been provided for the structure prior to its demolition, highlighting PS5 gaps in the client's the land acquisition process.</p> <p>After feedback from CAO, IFC indicated that significant gaps in the draft report needed to</p>	<p>Issue not substantiality addressed</p> <p>CAO provided feedback on the assessment in May 2023, identifying significant shortcomings in the assessment's methodology, analysis, and compliance with PS5, and providing</p>

²⁵ CAO Policy, para. 100.d and 102.

²⁶ The complainant can, at any time during the deferral period, raise concerns with CAO regarding the implementation of the actions and commitments agreed upon by IFC.

		<p>measures conducted following the requirements of PS5. Methodology for the assessment, its findings, and proposed mitigation measures to be reviewed by CAO considering input from the Complainant.</p> <ul style="list-style-type: none"> Recommended mitigation measures implemented consistent with PS5. 	<p>be addressed before requiring the client to compensate the complainant.</p> <p>Shapoorji Joyville informed IFC and CAO that it would pay no compensation to the complainant, stating that it had complied with all IFC's E&S requirements and had strong objections to the complainant's claims.</p> <p>The assessment was never finalized and IFC indicated it would not require the client to follow the draft assessment's recommendation, given IFC's reservations with its conclusions, and requested CAO's guidance on how best to proceed.</p>	<p>recommendations for improvement.</p> <p>These shortcomings were not addressed since the assessment was never finalized by the consultants hired by IFC after CAO's feedback.</p>
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PS5 requires projects to identify people who could be displaced due to project-related land acquisition, and for them to be properly compensated, even when they do not have a recognizable legal right or claim to the land or assets they occupy or use.²⁷ Displaced land users without formal legal rights to the land are not entitled to compensation for loss of land but may be entitled to compensation for non-land assets such as structures they own/occupy, irrigation, wells, crops, perennials, trees and/or other improvements; relocation and reestablishment allowances and assistance and livelihood restoration assistance for the loss of income and sources of income.²⁸ PS5 specifically provides that “physically displaced persons with no recognizable legal right or claim to the land they occupy, are entitled to adequate housing with security of tenure”.²⁹ In its appraisal, CAO found preliminary indications of non-compliance and Harm regarding the application of these PS5 requirements.

In this case, the complainant has consistently claimed legal rights to eight acres of land within the Manjri Joyville housing development site which he cultivated and lived on, on the basis on a lease his family held since 1952. The Maharashtra Tenancy and Agricultural Lands Act (MTAL Act) of 1948 granted tenant farmers property rights over land they leased, with some exceptions.³⁰ Under

²⁷ PS5, para. 5, 12 and 17(iii). See, in particular, footnote 8 of PS5, which states that “While some people do not have rights over the land they occupy, this Performance Standard requires that non-land assets be retained, replaced, or compensated for; relocation take place with security of tenure; and lost livelihoods be restored”. Additionally, see Guidance Note 5, paras. 8 and 9. The tools used to identify project-affected land users include conducting field observations and consultations resulting in a census.

²⁸ PS5, para. 22, 27, 28, 45, 48, 51, 65 and Guidance Note 5, paras. 45, 48, 51, 65.

²⁹ PS5, para. 22.

³⁰ Under the MTAL Act, a person who was a tenant on 1 April 1957 was entitled to purchase the land from the landowner at a price to be fixed by the concerned authority following the procedures in the MTAL Act. However, the MTAL Act also provided certain exceptions to this rule, including the cultivation of specific crops and breeding of livestock, which would allow the owners to retain the title.

this law, the complainant requested his lease holding be converted into full ownership in 1980 and since then the complainant has claimed he has legal rights over the land. The case has been litigated since 1980 in national courts and was ultimately decided in May 2014 in favor of the complainant's landlord, whose ownership was recognized by the Supreme Court of India. This was also later confirmed in March 2022, when the complainant's last petition to the Supreme Court failed.

CAO's compliance appraisal did not find preliminary indications of non-compliance and Harm regarding legal ownership over the disputed eight acres of land. CAO found that IFC had done its due diligence on this issue and it was the purview of the national courts to make any pending determinations regarding national law.³¹ However, CAO also found that, despite the fact that the complainant's original claim was tied to the possible legal ownership of the land, his allegations also raised issues of land use and occupation, including a house and other structures, that could merit entitlements under PS5 without a recognizable legal right to the land.

In response to the issues identified in the appraisal, IFC committed to the six actions detailed above, and specifically to engage an independent consultant to carry out an assessment of the complainant's claims related to informal use and occupation of the disputed land according to the requirements of PS5 and, based on the assessment, determine, and implement any required mitigation measures.

3.1.1 PS5 consultant's assessment

In August 2022, IFC hired an E&S consultant³² to assess the complainant's land-related claims and determine any mitigation measures. The consultant conducted a desk review of relevant documents, and a site visit between November 29-December 2, 2022, which included interviews with stakeholders including the complainant and members of his family.

A draft assessment completed and shared with CAO in February 2023 examined the complainant's claims of land ownership, economic displacement, and physical displacement. It concluded that the first two claims were unsubstantiated, but that the claim regarding loss of the house had partial merit and compensation should have been provided for the structure prior to its demolition, highlighting gaps with PS5 of the land acquisition process. More specifically, the draft assessment determined the following^{iv}:

- **Land ownership:** The complainant is not legally entitled to the land based on the Supreme Court of India's 2014 ruling in 2014 that the rightful owner was the complainant's landlord, which also removed the complainant's name from the records as tenant. The

³¹ CAO, Compliance Appraisal Report regarding Shapoorji Pallonji (IFC project #34628), India, March 17, 2022, section V.b.1(i). At the time of the appraisal the legal claims were pending and IFC Management also agreed that the deferral of the investigation and any resettlement assistance that could be provided to the complainant pursuant to PS5, should not prejudice the complainant's pending legal claims at the national level or in any way be understood to constitute a settlement or concession of the complainant's rights and claims under national law. CAO, Compliance Appraisal Report regarding Shapoorji Pallonji (IFC project #34628), India, March 17, 2022, section VI.a.5, available at: <https://officecao.org/3UdpefZ>

³² CAO provided feedback on IFC's TOR for the consultants in June 2022 and IFC incorporated that feedback in the final TOR from July 2022.

disputed land was legally sold in two transactions to Manjri Horse Breeders Private Limited (Manjri Horse Breeders). The majority of the land and the area used for crop cultivation was sold in August 2014 and a smaller 5 ares section,³³ where a house was located, was sold in 2015, with no evidence supporting the complainant's ownership claims.

- **Economic displacement:** The consultant stated that the complainant's evidence was insufficient to establish that he was practicing agriculture on the land after 2012, or of any loss of assets in the form of crops and/or means of livelihood. Thus, the consultant determined that he was not entitled to compensation for economic displacement.
 - Regarding crop cultivation on the disputed land, the consultant determined that the land was sold one year after crops were last officially recorded in 2013 and thus he considered there was no dependency at the time of acquisition and subsequent loss of access to the land in 2014.³⁴
 - Regarding the allegation of subsistence farming in a garden around the house,³⁵ the consultant determined that there was no evidence of such cultivation because the neighbors interviewed testified that an agricultural laborer was the one farming the land,³⁶ not the complainant, and satellite images did not show this activity on the five ares of land around the house.
- **Loss of residence (physical displacement):** The consultant determined that the complainant's claim of losing his house on the disputed land had partial merit. While ownership could not be unequivocally proven, the consultant concluded that the balance of evidence suggested the complainant and his family owned and occasionally lived in the structure through multiple decades leading up to its demolition at the end of 2015. According to the consultant, during project resettlement planning and implementation in line with IFC PS5, empirical or documentary evidence for ownership of assets often does not exist, resulting in E&S practitioners considering anecdotal evidence, particularly in legacy land acquisition reviews. According to the consultant, Manjri Horse Breeders should have provided compensation before demolition, even if there was insufficient evidence to establish the house as the complainant's primary residence.
- **Recommendations:** The consultant's report recommended compensation for the complainant of a specific amount estimated to cover replacement cost. However, the consultant stated they did not believe IFC's client, Shapoorji Joyville, was required to provide the compensation as IFC had no involvement with Manjri Horse Breeders when the company acquired the land in 2014 and, in their opinion, Manjri Breeders was therefore not required to follow the Performance Standards. The consultant considered this a "legacy land acquisition issue" recommending that IFC and its client consider the report's findings and recommendation.

³³ An are is a unit of measurement, equal to 100 square metres and the equivalent of 0.0247 acre. Its multiple, the hectare, equals 100 ares. In this case, the 5 ares equal 500 m².

³⁴ The consultant based this conclusion on the fact that the official Village Revenue Authority records attributed during the 2012 planting season to the complainant, while subsequent agricultural activities recorded until 2013, were attributed to the landlord. According to the consultant, even if this was a misattribution, it would not bring the complainant's farming activity to the time of the 2014 Sales Deed.

³⁵ The complainant has consistently alleged that, even after being dispossessed of the agricultural land, he practiced subsistence farming in a garden near the house up until he had to be hospitalized in August 2015.

³⁶ According to the draft assessment, the laborer was compensated by Manjri Horse Breeders.

Regarding the sub-project's general land acquisition process, the consultant found that^v:

Both the client's E&S due diligence (2019) and its land purchase audit (2021) highlighted information gaps in the review of land acquisition,³⁷ but neither report discussed any corrective actions to rectify the missing information, and simply deemed the topic closed.

- The project's Land Acquisition Policy process, approved by IFC, was supposed to verify "Encumbrances / easements/livelihood dependencies" on land used for sub-projects. However, the evaluations for the Manjri Joyville sub-project did not identify that the person who sold the land to Manjri Horse Breeders might not have owned and been able to sell the encumbrances on the land (i.e., the house, cattle shed, and other claimed items), and only looked had looked back 3-4 years from 2019, when the development rights agreement was signed, not from 2014 when the land was purchased.
- The auditors failed to notice structures present on the land despite having examined historical satellite images from 2003-2019. The consultant also remarked that the audit appeared to contain contradictory statements about whether the project area was entirely agricultural and notes that compensation for assets on land could not be ascertained.

After this draft assessment, IFC hired a legal firm to examine legal ownership of the house on the disputed land as a complement to the PS5 assessment, given the consultant's determination that the complainant's family might have owned the house. A legal memo prepared and shared with CAO in April 2023 concluded that Manjri Horse Breeders was the rightful owner of the five ares of land around the house, based on a 2015 Sale Deed, which could reasonably be assumed to include all structures on the plot, and that the complainant's evidence was unsubstantial regarding legal ownership.^{vi}

Based on information gathered by IFC's consultants and the complainant's allegations, below is a preliminary timeline of key dates regarding the PS5 issues raised in this case³⁸:

Preliminary timeline of use and occupation of the disputed land and house, based on complainants allegations and information gathered by the IFC consultants (Key Dates)	
1952	Complainant's father becomes tenant and the family started cultivating the land. Complainant has indicated the tenancy was inheritable.
1980	Complainant's family submitted application to convert their alleged long term leasehold into ownership under the Maharashtra Tenancy and Agricultural Lands Act 1948. They were initially granted a certificate of ownership of the land.

³⁷ The E&S due diligence (2019) states that the client had provided information regarding the transfer of ownership for the different land parcels that would form the sub-project, but had not made available to the E&S consultants details related to land use or years of ownership. The land purchase audit (2021) notes that discussions and consultations with Manjri Horse Breeders and with land sellers had not been possible and compensation for assets on land could not be ascertained.

³⁸ CAO's considerations in this report are preliminary and not a definite assessment of the relevant facts in this case, which can only be done after a compliance investigation has been conducted, where CAO is able to independently and impartiality review, assess, and consider all information and supporting evidence (CAO Policy, para. 94).

July 1999	After the landlord contested the previous recognition, the Bombay High Court issued a first decision in his favor dismissing the complainant's legal ownership rights. The complainant appealed this decision.
1999	Complainant states he gave up his law practice in Mumbai to practice farming full time. He moved to Pune, residing between a family-owned residence in the city and the house in the disputed land. ³⁹
February 2002	Bombay High Court again dismissed the rights of the tenant (the complainant) and recognized the landlord's legal land ownership. Complainant appeals to the Supreme Court.
2004	Complainant hired an agricultural laborer to work the land and look after cattle. According to the complainant, the laborer lived in a hut near the house but had access to it. ⁴⁰
2007	Complainant indicates he moved to the house in the disputed land as his primary dwelling.
2012-2013	Last official records of agricultural activity on the disputed land: <ul style="list-style-type: none"> • Official Village Revenue Authority records attribute crops to the complainant's family up until 2012 • Agricultural activity recorded with the Village Revenue Authority in 2013 was attributed to the landlord
8 May 2014	<ul style="list-style-type: none"> • Supreme Court of India confirms Bombay High Court's decisions that recognized legal ownership rights of the landlord and dismissed complainant's claims to the land. • Complainant's name is removed as official tenant on the record of rights.
12 May 2014	Landowner sells a portion of the disputed land to six individuals, which included the five ares where the house sits ⁴¹
31 May 2014	<ul style="list-style-type: none"> • Following the Supreme Court decision, the landowner takes possession of the 8 acres of disputed land. • Complainant claims that he stopped cultivating the land at this point, but retained use and possession of the house.⁴²

³⁹ Prior to this, he would visit the disputed land periodically to check on the farm managed by his mother.

⁴⁰ In the PS5 assessment, the IFC consultant indicated the hiring of the agricultural laborer happened in 1999. The complainant corrected this date to CAO.

⁴¹ Both IFC consultants, for the PS5 assessment and legal complementary memo, indicated they had not seen or had access to this sale deed between the landowner and the six individuals, but understood it had taken place. In the PS5 assessment, the consultant further indicates that Manjri Horse Breeders did not present any evidence for how the sellers in the 2015 Sales Deed came to own the structure or have a right to sell it after having earlier stated in court that the house belonged to the complainant.

⁴² The complainant alleges that the legal ownership of the eight acres of land is still under dispute through other litigation. He argues that, even if it is understood that the Supreme Court resolved that the eight acres of land belong to the landowner, the complainant should be still entitled to four acres for agriculture practices under the Bombay Tenancy and Agricultural Lands Act. As CAO indicated in its appraisal, the legal ownership over the land is not an issue included in the CAO case, and constitutes a matter to be decided by the national courts.

8 August 2014	Purchase of the majority of the disputed land by Manjri Horse Breeders from the landowner and the 6 individuals, with explicit exclusion of the 5 ares of land where the house sits ^{43vii} (2014 Sale Deed)
January 2015	In a lawsuit presented by the agricultural laborer for adverse possession of the land, the landlord and Manjri Horse Breeders stated the house belonged to the complainant as part of their defense argument. ⁴⁴
August 2015	Complainant fell ill and had to be hospitalized for some time
30 October 2015	Purchase of the 5 ares of land where the house sits by Manjri Horse Breeders from the 6 individuals, with the complainant's agricultural laborer appearing as "approver" of the transaction in the sale deed ^{viii} (2015 Sale Deed)
November-December 2015	Demolition of the house
2016	Complainant returns to the land, after his hospitalization and recovery period, and finds the house demolished
2019	Pune Metropolitan Region Development Authority (PMRDA) change the land from agricultural to residential ⁴⁵
August 2019	Manjri Horse Breeders grants development rights over the consolidated 21 acres of land to Shapoorji Joyville
March 2022	Decision of the Supreme Court dismissing the complainant's Curative petition, ⁴⁶ which consequently confirmed the finality of its May 2014 decision regarding land ownership in favor of the landlord

⁴³ The site layout that accompanied the 2014 Sales Deed had the name of the agricultural laborer hired by the complainant under the figure of the 5 Ares of excluded land. The assessment consultants gathered anecdotal evidence from neighbors and the complainant that confirmed the agricultural laborer resided on the land from 1999. The neighbors interviewed by the consultant acknowledged that the agricultural laborer and his family had lived in the house and worked the agricultural lands, but none supported the complainant's claims of living or cultivating the land.

⁴⁴ The 2015 Sales Deed references a civil suit submitted by the agricultural laborer alleging that ownership of the land had been taken from him by the six individuals that owned the 5 Ares, the landlord, and Manjri Horse Breeders. In this civil proceeding, part of the defense argument from the landlord and Manjri Horse Breeders against adverse possession was that the house was in the name of the complainant, not the agricultural laborer. Shapoorji Joyville has indicated to CAO this did not mean that Manjri Horse Breeders agreed with the complainant's claims. The 2015 Sales Deed states that the legal suit was dropped by the agricultural laborer after agreement was reached between himself and the six individuals. At this time, he was added into the 2015 Sales Deed as approver of the sales transaction. According to the consultant, the inclusion of the agricultural laborer as approver in the 'willing buyer willing seller' transaction provides evidence that the agreed payment amount was sufficient for him to relinquish any formal or informal rights he might have had to the property.

⁴⁵ According to project documents, the company was only going to purchase non-agricultural land.

⁴⁶ A curative petition is a last constitutional recourse before the Supreme Court of India. The purpose of a curative petition is to prevent abuse of process and gross miscarriage of justice by allowing the Court to reconsider its own judgements based on its interpretation of article 137 of the Constitution of India.

3.1.2 Feedback from CAO

After reviewing the information provided by IFC and consultation with the complainant, CAO provided feedback on the assessment in May 2023, identifying significant shortcomings in the assessment's methodology, analysis, and compliance with PS5, and providing recommendations for improvement.

In general, CAO found that the draft assessment did not appear to take into account all potential aspects and requirements of PS5 entitlements relevant to the complaint, with the definitions, conditions and methodology required by PS5, which are binding on all IFC clients and required by the project's ESAP to cover a period of three years prior to purchase of the land (which in this case seems to be from 2011-2014).⁴⁷ The draft assessment also overly relies on legal documents while dismissing the value of broader evidence, such as testimonies and contextual factors, particularly in relation to the complainant's possible economic displacement and rights to replacement costs for assets beyond the house. The one issue the consultant seemed to assess, on the basis of a broader balance of evidence, was the physical displacement from the house, which the draft assessment recognized and for which it recommended some compensation. However, the overreliance on legal documents was then further reinforced by IFC's request of a complimentary legal memo to reexamine the consultant's determination that the house might have been owned by the complainant's family, again narrowly focusing on formal ownership, and dismissing the possibility of informal use and occupation of the house which was one of the issues to be addressed by the assessment. More specifically, the key points of CAO's feedback are as the following:

PS5 non-alignment

- PS5 applies to all project-related land acquisitions, including those conducted prior to IFC's involvement or by subsidiaries, which the assessment does not fully address.⁴⁸ The specific E&S requirements for this project contemplated that the requirements of PS5 would be applied to any land used for the project that had been aggregated previously, including when acquired by other members of the Shapoorji group, as happened in this case.^{49ix} By not considering Manjri Horse Breeders' land acquisition in 2014 a project-related land acquisition, the assessment dismissed the physical and economic displacement of the complainant from land his family had allegedly leased since 1952, despite evidence that pointed to him cultivating the land until at least 2012 (possibly later),

⁴⁷ IFC has argued that the three years prior to purchase should be understood as three years prior to purchase by the client, Shapoorji Joyville, or three years prior to the sub-project being considered by the client (i.e., three years prior to the development agreement signed between Shapoorji Joyville and Manjri Horse Breeders for the land). CAO will look into this matter during the investigation.

⁴⁸ PS5 does not have a time limit and does not limit its application to land acquisitions done with the specific projects in mind or already designed. PS5 also does not limit its application to recent land purchases, acquisitions or aggregations, so that acquisitions that happened many years before should not be submitted or reviewed under its requirements. The reference to a cut-off date for eligibility in PS5 refers to the date prior to which settlers must have been residing or occupying the land to be considered eligible for compensation in order to avoid opportunistic settlers. PS5 contains no reference to a limitation of the land transactions to which it applies due to the time they happened.

⁴⁹ ESRS and ESAP, action 2.

which is within the 3 years prior to the date of purchase that the project's ESAP required the client to review for possible involuntary physical and economic displacement.⁵⁰

- The burden of proof for documenting PS5 compliance lies with IFC's client, not the complainant.⁵¹ However, the assessment's approach requires the complainant to prove he has been adversely affected. By not following the PS5 approach, the assessment dismissed most of the complainant's claims, particularly those regarding economic displacement and the loss of assets from inside or around the house, due to lack of evidence on his part, without taking into account the lack of records from IFC's client.
- The complainant's hiring of an agricultural laborer does not negate his entitlements for potential informal land use and occupation. Yet, the assessment is dismissive of his claim of land use, and in particular subsistence farming, because the neighbors interviewed only recognized the laborer. PS5 does not require land users to personally work the land to receive compensation for loss of that land use.
- The draft assessment does not sufficiently discuss potential entitlements under PS5 for land users, without ownership of the land, which the complainant could have rights to.⁵² In particular, the assessment does not examine: possible tenancy rights due to the family's alleged long held tenancy being removed right before the land acquisition in 2014; possible lease rights over the residential land where the house stood and where the complainant remained until August 2015; potential replacement costs for the possible assets, such as furniture and farming equipment in and around the house, which should have been documented prior to demolition;⁵³ and potential income or value from the trees visible on the satellite images; or the possible use of cattle based on references by people interviewed.

Concerns about methodology and evidence:

- The draft assessment does not examine the claims of land use and occupation, without a legal right over the land, on the basis of all the evidence together, which should include testimonies and contextual factors in addition to legal documents. For example, the draft assessment seems to dismiss the complainant's economic displacement from the loss of cultivation in the disputed land, solely on the basis of the official crop registry without considering testimonies or the local context.⁵⁴ The draft assessment also does not appear to have used a representative sample of relevant testimonies, that might have included

⁵⁰ The project's ESAP required the client to conduct "detailed due diligence" of the land acquisition process for three years prior to the date of purchase of land used for an IFC-supported development. Since Manjri Joyville acquired sub-project land in August 2014, due diligence should have covered at least August 2011 to August 2014. ESRS for IFC project #35628, available at: <https://disclosures.ifc.org/project-detail/ESRS/34628/spah>

⁵¹ PS5, para. 17, 19, 26, 27 and 28. and Guidance note 5, GN39, GN40, GN43, GN45, GN46, GN65.

⁵² PS5, para. 22, 26 and 27, Guidance note 5, GN32, GN48, GN51 and GN65.

⁵³ The draft assessment only refers to replacement costs for the house structure and cattle shed, not other instruments, farming equipment or furniture.

⁵⁴ The assessment does not examine what happened to the land before or after 2012, or when it examined satellite images consider possible periods where it could have been left purposely fallow or the region's seasons of agricultural activities, the possible different crops in each of them and their distinct cycles. Similarly, there is no consideration of visible trees on the satellite images, or examination of the possible use of cattle based on references by the complainant and other interviewees to a cattle shed. Nor did the assessment reference a vegetable garden near the house cited by at least four people, instead dismissing its existence because it could not be seen from low quality satellite images.

people supportive of the complainant's claim, raising concerns about limited input from unbiased stakeholders.⁵⁵

- The draft assessment does examine and conclude, upon a balance of available evidence, that the complainant's family owned and lived in the house occasionally, and thus should be compensated with replacement costs for the loss of the house. Nonetheless, the draft assessment provides no supporting documentation or rationale to ensure that the amount suggested meets the requirements of full replacement cost in PS5.⁵⁶ By not documenting this information, the issue of how much compensation the complainant might have a right to for the house has not been yet resolved.

In general, CAO found the draft assessment incomplete and that it did not adequately consider PS5 requirements, and urged IFC to address the identified gaps to ensure the complainant's entitlements are properly evaluated and mitigated. Specifically, CAO suggested the assessment be strengthened by taking three steps. First, broadening the evidence considered, including testimonies, historical context, and informal land use practices in the area. Second, reassessing asset valuations to ensure compliance with PS5's requirements for full replacement cost and livelihood restoration. Third, conducting additional interviews with relevant stakeholders, such as neighbors and representatives of the client's subsidiary involved in the land acquisition, to ensure PS5 compliance and proper evaluation of the complainant's potential entitlements.

3.1.3 IFC actions in response

After CAO's feedback, IFC Management indicated that they believed there were significant gaps in the draft consultant's report that needed to be addressed prior to reaching an informed conclusion that would require the client to compensate the complainant. However, IFC indicated that, while they wanted to work toward a resolution of the case, they continued to have significant reservations about PS5 applicability to the complaint, on the following grounds:

- IFC invested in Joyville's Manjri sub-project in 2019 and IFC considered the three-year requirement in the project's E&S Action Plan (ESAP) to mean applying the Performance Standards three years prior to the investment (therefore from 2016 onwards) and not from the land purchase dates (2007-2014) that occurred prior to IFC's investment.
- The land and displacement dispute in this complaint is with Manjri Horse Breeders, a subsidiary of the sponsor (Shapoorji Pallonji), but not of the client (Shapoorji Joyville) in which IFC invested. As part of its regular operations, Manjri Horse Breeders historically has and continues to acquire land parcels. IFC did not believe PS5 should be applied to a group company that did not acquire lands in anticipation of the project.

⁵⁵ The assessment did not include interviews with representatives of Manjri Horse Breeders. It also included very few interviews with local community members and possible neighbors of the complainant, who could have provided testimonies about his circumstances and/or the relevant land acquisition process between 2007 and 2015. At the same time, the report does not adequately address potential conflicts of interest among the stakeholders it did interview.

⁵⁶ Replacement cost is defined in PS5 as the market value of the assets plus transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with assets of similar value. The valuation method for determining replacement cost should be documented and included in applicable Resettlement and/or Livelihood Restoration plans (see paragraphs 18 and 25). PS5, footnote 4.

Despite these reservations, in September 2023, IFC approached the client and discussed the possibility of following the draft assessment's recommendation to compensate the complainant for the house. At IFC's request, CAO met with the client in October 2023, to discuss the findings and recommendations of the draft assessment, the options and next steps in the CAO process, and the scope and purpose of a potential compliance investigation. After these discussions, the client informed IFC and CAO that it would not provide compensation pursuant to the recommendation in the draft assessment. Shapoorji Joyville stated strong objections to the complainant's claims, including based on its thorough due diligence before the development agreement with Manjri Horse Breeders, its compliance with IFC's E&S requirements, award of compensation to relevant claimants, and inconsistencies between the complainant's claims at the national level and to CAO.

IFC informed CAO it would not require the client to follow the draft assessment's recommendation, given the reservations about its conclusions, and requested that CAO provide guidance on how best to proceed.

3.1.4 CAO's assessment of deferral period actions

CAO considers that IFC has not substantially addressed the issue raised in the complaint regarding the complainant's PS5 entitlements for the use and occupation of the land without recognizable legal rights. CAO reaches this conclusion because:

- The PS5 assessment committed to in the deferral action plan was never finalized. In November 2023, IFC informed CAO that the independent assessment report was pending finalization based on feedback from IFC and CAO.* All the shortcomings indicated by CAO in its feedback remain unaddressed and the requests for clarification of certain information gathered or cited in the draft report or the complementary legal memo remain unanswered.
- The draft assessment recommended that the complainant be compensated only for the demolition of the house, which the consultant determined on a balance of evidence might have been owned by the complainant's family. Addressing the shortcomings indicated in CAO's analysis of the consultant's report might lead to a reconsideration of the scope and line items for which the complainant might be entitled to compensation. Specifically, this could include compensation for loss of furnishings and other assets besides the house, as well as for economic displacement, consistent with PS5 requirements. Nonetheless, CAO notes that IFC's commitment in the deferral action plan was to follow the mitigation measures recommended by the independent assessment, as required by PS5. Given the assessment was not completed, this aspect of the deferral commitment also remained unfulfilled.
- IFC and the client argue that the complainant is not entitled to compensation, in part, because the land acquisition was not done by the client (Shapoorji Joyville) but prior to IFC's investment by a subsidiary of the Shapoorji group. CAO recalls that IFC project documents state that land previously owned or aggregated by the Shapoorji Pallonji group (whose main business activities include real estate and land development) or third parties would be considered and possibly used for the different housing sub-projects included in this Joyville investment and would be subject to IFC's E&S requirements. The detailed

three-year due diligence “from purchase date” required by the investment’s ESAP was established to look into the land purchase processes of aggregators, whether the client, sponsor, or third parties.^{57xi} In CAO’s view, this includes looking into other aspects of PS5, such as the possible land use and occupation of people without a legal right to the land that could be physically and economically displaced from the land purchased by subsidiaries of the Shapoorji Pallonji group, within three years of the purchase date. In this case, this would have meant the assessment should have reviewed the land use and occupation on the land, at least, from 2011 onwards. IFC’s application of the ESAP requirement as three years before the development agreement between Manjri Horse Breeders and Shapoorji Joyville does not seem consistent with the explicit text of the ESRS and ESAP.⁵⁸ As highlighted in the feedback section above, by not requiring the application of IFC’s E&S requirements to the land acquisition done by Manjri Horse Breeders in 2014, as seems explicitly required in the ESAP, the assessment missed examining the possible physical and economic displacement of the complainant from land allegedly leased by his family since 1952, despite evidence gathered by the consultant that he cultivated the land at least until 2012.⁵⁹ Consequently, the full extent of his claims of land use and occupation have not been addressed.

- Both IFC and the client continue to overly rely on the fact that the complainant did not have legal ownership of the land, and possibly the house, to dismiss his claims, and appear to disregard other relevant aspects of PS5, including the possibility that use and occupation of the land and house can involve more than just legal land ownership. Even when a willing-buyer/willing-seller transaction was conducted with the legal landowner, there might still be secondary rights-holders (e.g., from a lease or informal use) whose potential entitlements should also be addressed and responded to under PS5.

Based on the above, CAO concludes that IFC did not complete the commitment to carry out an independent assessment of the use and occupation of the disputed land and to implement the mitigation measures from that assessment. Therefore, CAO considers that IFC has not substantially addressed the issues raised in the complaint regarding consideration of land users and occupiers without a recognizable legal title over the land, following PS5 requirements.

⁵⁷ PS5 requires its application to all physical and economic displacement stemming from any project-related land acquisitions, without qualifications or time limitations. See, PS5, para. 1, 17 and 18. PS5 does not have a time limit attached to considering physical and economic displacement “related” to the project’s land acquisition, nor does it require for the land purchase or displacement to be recent. The reference to a cut-off date for eligibility in PS5 refers to the date prior to which settlers must have been residing or occupying the land to be considered eligible for compensation in order to avoid opportunistic settlers. PS5 contains no reference to a limitation of the land transactions to which it applies due to the time they happened. The three year limitation in this case, was introduced by the project’s ESRS and ESAP. Project [ESRS](#), and ESAP.

⁵⁸ IFC’s Environmental and Social Review Summary (ESRS) and, by incorporation, the ESAP for this investment required the client to conduct “detailed due diligence of land aggregated within the previous 3 years (from date of purchase) for ensuring that the purchase process followed by the aggregator was free from coercion and fair prices were paid to the previous owners”. Project [ESRS](#), and ESAP.

⁵⁹ Due to the shortcomings already indicated in the assessment, multiple facts remain uncertain regarding the cultivation of the land and use and occupation of the house in question, particularly a factual record of the use and occupation of the land and house from 2011 onwards.

3.2 Review and update project's client Land Purchase Policy, consultant TORs, and community grievance mechanism

Deferral Action Plan				
Committed action	Conditions, deliverables and timeframe	CAO monitoring framework ⁶⁰	IFC and Client Actions	CAO determination
<p>Review and update the client's land purchase policy, the terms of reference (TOR) for the E&S and land purchase review consultants, and the procedure for the grievance mechanism to include consideration of informal land users and occupiers.</p> <p><i>(These were three distinct commitments detailed in Annex 1)</i></p>	<ul style="list-style-type: none"> Update the policy or procedure consistent with PS5, adopted by client and shared with CAO Four weeks from start of deferral period 	<p>CAO to review:</p> <ul style="list-style-type: none"> Updated land purchase policy, ToR for consultants, and grievance mechanism procedure, consistent with PS5 adopted by Client and shared with CAO. 	<p>The client, with guidance from IFC, updated its Land Purchase Policy, its consultants' TORs for the land purchase reviews, and the procedure for the project community grievance mechanism to include consideration of informal land use and occupation.</p> <p>The updates to the Land Purchase Policy and TOR for the land purchase review include conditions for the project to consider informal users and occupiers, including the timeframe for the land due diligence and review, awareness of the ultimate use of the aggregated land, and requirements for evidence of occupation or land use.</p>	<p>Issue not substantiality addressed</p> <p>The conditions included in the updates of the policies and procedures appear to present limitations and replicate the shortcomings identified in the deferral assessment that are not fully consistent with the project's E&S requirements in the ESAP and the provisions in PS5 regarding consideration of land users and occupiers without a recognizable legal title over the land.</p>

In October 2022, the client, with guidance from IFC, updated the land purchase policy, consultants' TORs and the procedure for the grievance mechanism listed in the deferral action plan, to include consideration of informal land use and occupation.

CAO notes that IFC completed these actions and updated all relevant project documents to include consideration of informal users and occupiers. At the same time, CAO notes that the updates to the Land Purchase Policy and the TOR for the land purchase review include conditions that do not seem fully consistent with the project's E&S requirements laid out in the ESAP or with relevant PS5 provisions. The updates to the Land Purchase Policy and TOR include conditions for the project to consider informal users and occupiers, including the timeframe for the land due

⁶⁰ The complainant can, at any time during the deferral period, raise concerns with CAO regarding the implementation of the actions and commitments agreed upon by IFC.

diligence and review, awareness of the ultimate use of the aggregated land and requirements for evidence of occupation or land use.^{xii}

These conditions appear to be limitations to the consideration of potential informal land users and occupiers that do not seem consistent with PS5 provisions or the ESAP requirement to carry out land due diligence covering three years before land purchase. Furthermore, these limitations appear to be aligned with the way the IFC and the client have rejected the application of PS5 requirements to the complainant's situation because the land was purchased before IFC's investment.

Additionally, while CAO recognizes that the updated land purchase policy and TOR now refer to informal land users and occupiers, both documents replicate some of the shortcomings identified in the process carried out by the deferral consultants. The land purchase policy appears to require informal users and occupiers submit documented claims, which seems inconsistent with the very nature of informal land use, and to only contemplate consideration of evidence to be provided by the claimants. Similarly, the TOR for IFC's due diligence consultants still largely focus on legal issues. Neither document appears to provide for a broader due diligence process in which the project gathers evidence from a wider pool of sources and varied forms of evidence, to ensure that the land acquisition did not trigger the physical or economic displacement of informal land users or occupiers.⁶¹

In sum, CAO considers that the updated policies and procedures appear to include limitations and replicate shortcomings of the assessment that are not consistent with PS5 requirements. Therefore, CAO concludes that the updates to the project documents also do not substantially address the issues raised in the complaint regarding consideration of land users and occupiers without a recognizable legal title over the land, in compliance with PS5 requirements.

3.3 Training sessions on the updated Land Purchase Policy, TOR, and grievance mechanism procedure

Deferral Action Plan				
Committed action	Conditions, deliverables and timeframe	CAO Monitoring Framework ⁶²	IFC and Client Actions	CAO determination
Carry out a training session with the client on the updated land purchase policy, TOR, and grievance mechanism procedure. <i>(These were two distinct commitments detailed in Annex 1)</i>	<ul style="list-style-type: none"> Evidence of completed training, aligned with PS1 and PS5 requirements Eight weeks from the start of the 	CAO to review the documentation on the trainings to be shared by IFC	IFC carried out two trainings on the updated policies and procedures and the requirements of PS5 and PS1 regarding land acquisition, the grievance mechanism, the prohibition of retaliation and the need to prevent and respond to reprisals. <ul style="list-style-type: none"> One training was carried out in person in October 2022 with senior management of the land and legal team 	Issue not substantiality addressed While IFC has completed the committed trainings, they replicate the shortcomings in

⁶¹ PS5, para. 17, 19, 26, 27 and 28. and Guidance note 5, GN39, GN40, GN43, GN45, GN46, GN65.

⁶² The complainant can, at any time during the deferral period, raise concerns with CAO regarding the implementation of the actions and commitments agreed upon by IFC.

		deferral period		<p>of Shapoorji Joyville (the client), Shapoorji Pallonji (the sponsor and parent company of the Shapoorji group), and Manjri Horse Breeders (the group subsidiary which acquired and owns the land where the Manjri sub-project is being developed), based in Mumbai.</p> <ul style="list-style-type: none"> • Additionally, a virtual session was conducted with staff from Shapoorji Joyville from multiple project locations in December 2022. 	the previous actions
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IFC carried out two trainings on the updated policies and procedures and the requirements of PS5 and PS1 regarding land acquisition, the grievance mechanism, the prohibition of retaliation and the need to prevent and respond to reprisals. The details of these training sessions are included in the table above.

Because of the shortcomings outlined above regarding the updates to relevant client policies and procedures, as well as the application of PS5 requirements more generally, CAO concludes that, while IFC completed the committed trainings, the issue raised in the complaint regarding consideration of land users and occupiers without a recognizable legal title over the land, has not been substantially addressed in line with PS5 requirements.

3.4 Complainant's views

Under the deferral monitoring framework, complainants could raise concerns with CAO about IFC's implementation of actions and commitments at any time during the deferral period. In addition, CAO consulted the complainant several times at key points during this time, particularly to consult him about the IFC consultant's draft PS5 assessment and in response to allegations of threats and reprisals on the part of the complainant. CAO also consulted with the complainant after IFC reported all actions completed in December 2023 and when CAO was considering all information and preparing this outcome report in July 2025.

The complainant has expressed disappointment with the outcome of the deferral. He has multiple areas of disagreement with the PS5 assessment conducted during the deferral, particularly in regard to its methodology and conclusions. The complainant explained to CAO that, despite his requests, the consultant did not interview his immediate neighbors, with whom he interacted frequently, but people from the Shewalewadi village and its outskirts who are farther away and he does not consider his neighbors. He also claimed that some of the people interviewed by the consultant had been involved in granting permits to the company and thus could be considered an interested party regarding the facts of the assessment, which he believed had not been sufficiently considered when examining their testimony. He pointed out to CAO what he believed were factual errors and misrepresentation of facts in the assessment. In his opinion, this led to mistaken conclusions regarding his claims of economic displacement, physical displacement and loss of assets. In July 2025, upon CAO's request for his views and final thoughts on the deferral's next steps, he indicated he trusted CAO to decide based on the policy requirements and all the

information provided up to that point. The complainant's point of view and clarifications regarding factual information have been considered in CAO's feedback to the draft assessment, and in CAO's assessment of IFC's implementation of the deferral action plan above.

Additionally, CAO notes that since this complaint was filed with CAO in 2020, the complainant has alleged several times that he has been subject to external pressures, indirect threats, or intimidation to withdraw his cases from national courts and CAO, and that he has feared for his and his family's safety. CAO's appraisal report found that, while threats and reprisals can be difficult to substantiate, the evidence presented was not sufficient to establish that he was subject to intimidation by the IFC client. In addition, there were no preliminary indications of non-compliance by IFC on this issue, since IFC had worked with its client to address the complainant's concerns.⁶³ However, CAO indicated that, should any credible concerns about intimidation of the complainant persist during the deferral period, a more structured response from IFC may be required, including client assessments of retaliation risks in the local context and the development of response protocols.⁶⁴ During the deferral period, the complainant reached out to CAO several times for what he perceived as threats and intimidations from third parties to either settle or withdraw his case. In all the instances where the complainant provided consent to involve IFC, IFC responded immediately upon learning from CAO about the potential reprisal allegations and engaged with the client to clarify the facts and emphasized IFC's zero-tolerance policy for retaliation actions.

That said, discussions during the deferral period reflect a significant amount of distrust, animosity, and tension between the complainant and the client in this case. A deferral is an option in the CAO Policy designed to allow IFC, the client, and the complainant to resolve issues directly. Given the current state of relations, CAO believes the conditions do not exist in this case to continue to attempt a direct engagement between IFC, the client, and the complainant and any progress from direct engagement is unlikely.⁶⁵ A compliance investigation, from an independent and impartial mechanism such as CAO, might offer better opportunities for the resolution of the complaint.

4. CAO Decision

According to the CAO Policy, upon conclusion of the deferral period, CAO may close the case in question, extend the deferral period, or proceed to a compliance investigation.⁶⁶ In this case, IFC reported to CAO that all but one item in the deferral action plan had been completed and requested guidance from CAO on how to proceed. As indicated above, CAO does not believe the complaint issues will likely be resolved among the parties, and thus a further extension of the deferral period is not warranted.

⁶³ At the same time, in the appraisal CAO found preliminary indications of potential harm, considering the consistent, documented accounts in relation to these issues which CAO found credible.

⁶⁴ IFC and IDB Invest, Good practice Note for the Private Sector: Addressing the Risks of Retaliation Against Project Stakeholders, p. 16, 20-22, 43-51.

⁶⁵ The CAO Policy indicates that, "During the deferral period, if CAO assesses that the conditions have materially changed, or making progress is unlikely or unfeasible, CAO may end the deferral and commence a compliance investigation." CAO Policy, para. 101.

⁶⁶ CAO Policy, para. 102.

In order to determine whether the deferred case should be closed or proceed to an investigation, CAO must assess and determine whether the issues raised have been substantially addressed and whether there is any particular value for accountability, institutional learning, or remedial action from conducting an investigation.⁶⁷

Based on the analysis detailed in this report and in the Summary Table presented in Annex 1, CAO has decided to proceed with the compliance investigation in this case considering that IFC has not substantially addressed the issues raised in the complaint.⁶⁸ Specifically, CAO concludes that IFC has not substantially addressed the issues raised in the complaint related to the consideration of use and occupation of land purchased for project development, to which people—such as the complainant in this case—might not have a recognizable legal right. As a result, CAO considers there is value for accountability, institutional learning, and remedial action to proceed to a full independent, impartial, fair and equitable compliance investigation.⁶⁹

Regarding accountability, IFC and the client continue to question the applicability of PS5 requirements to the use and occupation of land and structures⁷⁰ when there was a legal owner that participated in a willing buyer-willing seller transaction.⁷¹ They also seem to disregard the non-legal evidence gathered by the consultant and his determination that the complainant used, occupied and probably owned, and occasionally lived in the house on the disputed land, and has not been compensated for its demolition or its contents. No accountability has been achieved in this case. While IFC did acknowledge and require the client to adjust its Land Acquisition Policy to include consideration of informal use and occupation during its land purchase processes, CAO finds that the preliminary indications of non-compliance and Harm identified in the appraisal, continue to be present in the way IFC requires the client to apply such requirements, when it excludes and does not require PS5 applications to situations such as the one the complainant was subject to.

Regarding remedial action, no remedy has been provided to the complainant although the draft assessment commissioned by IFC recommended certain remedies. As indicated in section 3.1, CAO has several reservations regarding the adequacy and comprehensiveness of the PS5 draft assessment. However, even with these shortcomings, the independent consultant hired by IFC determined that the complainant was entitled to compensation for the house, on the balance of

⁶⁷ CAO Policy, para. 102.

⁶⁸ The CAO policy requires that the CAO DG decide to “Proceed to a compliance investigation if issues have not been substantially addressed or if there is otherwise particular value for accountability, institutional learning, or further remedial action.” CAO Policy, para. 102.c.

⁶⁹ CAO Policy, para. 10 on CAO’s core principles.

⁷⁰ PS5, para. 17, 19, 22, 26, 27 and 28. and Guidance note 5, GN32, GN39, GN40, GN43, GN45, GN46, GN48, GN51 and GN65.

⁷¹ PS5 requires its application to all physical and economic displacement stemming from any project-related land acquisitions, without qualifications or time limitations. See, PS5, para. 1, 17 and 18. Additionally, PS5 and other GIIP related to land acquisition (e.g. WB 2016 E&S Standard 5) appear to require clients to review whether past land purchases, made in anticipation of a project or later used for a project, resulted in the physical and economic displacement of people, even when not directly caused by the project or the formal IFC client. For example, in order to determine that PS5 is not applicable, (i.e., that the land was acquired through willing buyer/willing seller transactions), Guidance Note 5 instructs clients to review land acquisitions made by “land consolidators, aggregators, or land developers” following the same requirements for land purchased by the client. Guidance Note 5, GN16. Whether the complainant’s situation falls within these provisions of PS5 will be determined by the compliance investigation.

evidence they gathered. CAO believes that a compliance investigation into this complaint will provide an opportunity for a closer examination of the preliminary indications of harm identified in the appraisal, and for the identification of actions by IFC to remediate the harm, if appropriate, as provided by the CAO Policy.⁷²

Lastly, regarding institutional learning, CAO believes an investigation into the issues raised in the complaint could result in valuable lessons on the application of PS5 requirements to the use and occupation of land and structures by people without recognizable relevant legal rights.

The Terms of Reference of the investigation following the CAO Policy can be found in Annex 2 of this report.

CAO shares this deferral outcome report with the IFC Board of Directors, the World Bank Group President, IFC Management, the client, and the complainant, and publishes the report on CAO's website.⁷³

⁷² Consistent with CAO Policy para. 120(c), this could include recommendations on remedies to address harms related to non-compliances associated with the application of PS5.

⁷³ The CAO Policy requires CAO to "issue, and circulate for information, a report summarizing the actions taken and outcomes of the deferral to the Boards, the President, Management, and the Complainant. CAO will also publish this report on its website." CAO Policy, para. 103.

Annex 1: Summary Table

The following table provides a summary of the deferral action plan, subsequent actions by IFC and the client during the deferral period of March 2022-August 2025, and CAO's determinations on each commitment made by IFC Management. For each commitment, on the basis of the analysis presented in this report, CAO concluded that IFC had not substantially addressed the issues raised in the complaint, and that there is value for accountability, institutional learning, or potential remedial action in proceeding with an investigation in this case.

Deferral Action Plan				
Committed action	Conditions, deliverables and timeframe	CAO Monitoring Framework ⁷⁴	IFC and Client Actions	CAO determination
1. Engage an independent consultant to carry out an assessment of the complainant's claims related to informal use and occupation of the disputed land, according to PS5 requirements and based on the assessment, determine, and implement any required mitigation measures	<ul style="list-style-type: none"> Consultant TOR Consultant report 20 weeks from start of deferral period 	<p>CAO to review and provide feedback to IFC on:</p> <ul style="list-style-type: none"> Assessment conducted by a qualified consultant with TOR approved by IFC following CAO review. Assessment and development of any subsequent mitigation measures conducted following the requirements of PS5. Methodology for the 	<p>IFC hired an E&S consultant in August 2022, who conducted the assessment. In February 2023, a draft assessment was completed and shared with CAO.</p> <p>The draft assessment concluded that the complainant's claims of land ownership and economic displacement were unsubstantiated, but his claim regarding loss of the house had partial merit and compensation should have been provided for the structure prior to its demolition, highlighting PS5 gaps in the client's land acquisition process.</p> <p>After feedback from CAO, IFC indicated that significant gaps in the draft report needed to be addressed before requiring the client to compensate the complainant.</p>	<p>Issue not substantiality addressed.</p> <p>CAO provided feedback on the assessment in May 2023, identifying significant shortcomings in the assessment's methodology, analysis, and compliance with PS5, and providing recommendations for improvement.</p> <p>These shortcomings were not addressed since the assessment</p>

⁷⁴ The complainant can, at any time during the deferral period, raise concerns with CAO regarding the implementation of the actions and commitments agreed upon by IFC.

			<p>assessment, its findings, and proposed mitigation measures to be reviewed by CAO considering input from the Complainant</p> <ul style="list-style-type: none"> Recommended mitigation measures implemented consistent with PS5 	<p>Shapoorji Joyville informed IFC and CAO that it would pay no compensation to the complainant, stating that it had complied with all IFC's E&S requirements and had strong objections to the complainant's claims.</p> <p>The assessment was never finalized and IFC indicated it would not require the client to follow the draft assessment's recommendation, given IFC's reservations with its conclusions, and requested guidance from CAO on how best to proceed.</p>	<p>was never finalized by the consultants hired by IFC after CAO's feedback.</p>
2.	<p>Review the client's land purchase policy formulated for the project to ensure integration of the assessment of informal land uses</p>	<ul style="list-style-type: none"> Updated land purchase policy consistent with PS5 adopted by client and shared with CAO Four weeks from start of deferral period 	<p>CAO to review:</p> <ul style="list-style-type: none"> Updated land purchase policy consistent with PS5 adopted by client and shared with CAO 	<p>The client, with guidance from IFC, updated its Land Purchase Policy, its consultants' TORs for the land purchase reviews, and the procedure for the project community grievance mechanism to include consideration of informal land use and occupation.</p> <p>The updates to the Land Purchase Policy and TOR for the land purchase review include conditions for the project to consider informal users and occupiers, including the timeframe for the land due diligence and review, awareness of the ultimate use of the aggregated land, and requirements for evidence of occupation or land use.</p>	<p>Issue not substantiality addressed.</p> <p>The conditions included in the updates of the policies and procedures appear to present limitations and replicate the shortcomings identified in the deferral assessment that are not fully consistent with the project's E&S requirements in the ESAP and the provisions in PS5 regarding</p>
3.	<p>Review the terms of reference (ToRs) used by the client for engaging independent E&S due diligence consultants and land purchase process review consultants in order to include the assessment of informal</p>	<ul style="list-style-type: none"> Updated TOR for consultants carrying out the project's E&S due diligence, and land purchase policy reviews, aligned with PS5 requirements 	<p>CAO to review:</p> <ul style="list-style-type: none"> Updated ToR for the E&S consultant and the land purchase review consultant, consistent with PS5, adopted by 		

	land uses and undertake the stakeholder consultations necessary to identify current and past issues and claims on the said land parcels	<ul style="list-style-type: none"> Four weeks from start of deferral period 	the Client and shared with CAO		consideration of land users and occupiers without a recognizable legal title over the land.
4.	Review and update the client's existing community grievance mechanism to confirm it covers grievances arising from project land purchases, consistent with PS1 and PS5 requirements, as well as its dissemination among relevant stakeholders in the project area	<ul style="list-style-type: none"> Updated community GRM procedure, aligned with PS1 and PS5 requirements Four weeks from start of deferral period 	CAO to review: <ul style="list-style-type: none"> Updated grievance mechanism procedure consistent with PS1 and PS5, adopted by Client and shared with CAO. 		
5.	Carry out a training session with the client on the updated land purchase policy and consultants' terms of reference	<ul style="list-style-type: none"> Evidence of completed training, aligned with PS1 and PS5 requirements Eight weeks from the start of the deferral period 	CAO to review the documentation on the trainings to be shared by IFC	IFC carried out two trainings on the updated policies and procedures and the requirements of PS5 and PS1 regarding land acquisition, the grievance mechanism, the prohibition of retaliation and the need to prevent and respond to reprisals. <ul style="list-style-type: none"> One training was carried out in person in October 2022 with senior management of the land and legal team of Shapoorji Joyville (the client), Shapoorji Pallonji (the sponsor and parent company of the Shapoorji group), and Manjri Horse 	Issue not substantiated addressed. While IFC has completed the committed trainings, these trainings replicate the shortcomings in the previous actions.
6.	Carry out a training session with the client on the updated	<ul style="list-style-type: none"> Evidence of completed training, aligned 	CAO to review the documentation on the		

	grievance mechanism procedure	with PS1 and PS5 requirements <ul style="list-style-type: none"> • Eight weeks from the start of the deferral period 	trainings to be shared by IFC	Breeders (the group subsidiary which acquired and owns the land where the Manjri sub-project is being developed), based in Mumbai. <ul style="list-style-type: none"> • Additionally, a virtual session was conducted with staff from Shapoorji Joyville from multiple project locations in December 2022. 	
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Annex 2: Terms of Reference of the Compliance Investigation



Terms of Reference for Compliance Investigation of IFC's Environmental and Social Performance Regarding its Investment in Shapoorji Pallonji, India

IFC Project: #34628

About CAO

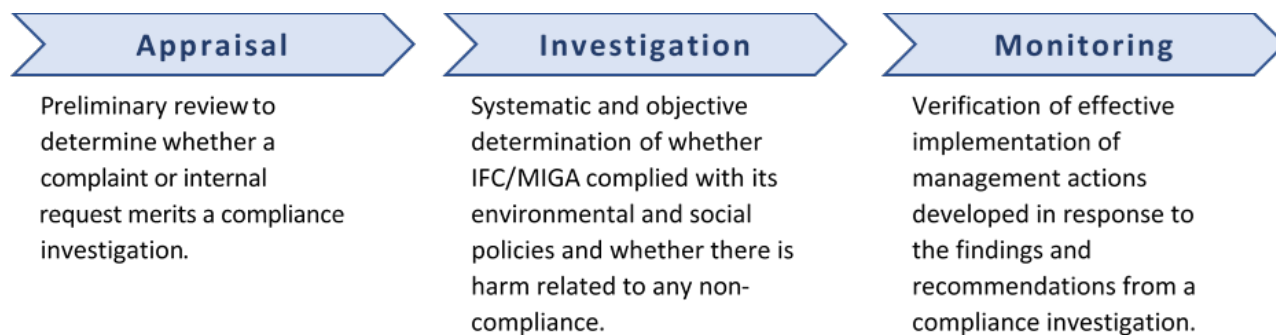
The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO works to address complaints fairly, objectively, and constructively while enhancing the social and environmental outcomes of IFC and MIGA projects and fostering public accountability and learning at these institutions.

CAO's independence and impartiality are essential to fostering the trust and confidence of stakeholders involved in Complaint processes. CAO is independent of IFC and MIGA management and 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:



IFC Investment

In 2015, IFC committed to a US\$34.4 million equity investment in an affordable housing holding company named Joyville Shapoorji Housing Private Limited (“Shapoorji Joyville” or “the client”), promoted by Shapoorji Pallonji and Company Private Limited, the group’s flagship company (“Shapoorji Pallonji” or “the sponsor”). Shapoorji Joyville was established to develop eight to ten affordable housing sub-projects across India. At the time of this terms of reference, Shapoorji Joyville had developed six sub-projects, including one in Manjri (“the Manjri sub-project”) on the outskirts of the city of Pune in Maharashtra state. The Manjri sub-project is currently being developed on part of a 42-acre plot of land owned by Manjri Horse Breeders Private Limited (“Manjri Breeders”), a subsidiary of Shapoorji Pallonji, which granted Shapoorji Joyville development rights to the area.

The Complaint

In December 2020, the Compliance Advisor Ombudsman (CAO) received a complaint by a former tenant of part of the sub-project land. According to the complainant, eight acres of land leased by his family since 1952 were forcibly and illegally taken from him in 2014 and soon after sold to Manjri Breeders for the Manjri sub-project. The complainant alleges that he continued to use and live in a house on the disputed land until 2015, when he became ill, after which he returned to find the house demolished along with his personal belongings. He also claims a) that a stream on the disputed land could be damaged as a result of the construction of the sub-project, and b) that he was subjected to external pressures and threats to withdraw his case from the Indian courts and CAO process.

Investigation Terms of Reference

Where, as in the present case, the CAO appraisal process results in a decision to investigate, CAO will include terms of reference for the compliance investigation, outlining:

- a. *The objectives and scope of the investigation;*

- b. Any limitations on the scope of the investigation that may be appropriate, considering, among others, issues closed at the appraisal stage, the presence of concurrent judicial proceedings, or an IFC/MIGA Exit;*
- c. The approach and method of investigation and specific consultant qualifications; and*
- d. A schedule for the investigation tasks, timeframe, and reporting requirements. This schedule will include deadlines for the submission of information by IFC/MIGA to inform the compliance investigation process.⁷⁵*

Investigation Objective and Scope

As established in the Compliance Appraisal Report and the Deferral Outcome Report for this case, CAO will conduct a compliance investigation of IFC's investment in Joyville Shapoorji Housing Private Limited (also known as Shapoorji Pallonji Affordable Housing), in relation to land use and occupation issues governed by PS5 and management of land-related grievances under PS1 and PS5, as raised in the complaint. The investigation will determine whether IFC complied with its E&S Policies relevant to the investment and whether there is Harm related to any IFC non-compliance. In determining whether IFC has complied with its E&S Policies, CAO will include, where appropriate, an assessment of whether IFC deviated in a material way from relevant directives and procedures.

In addressing the complaint issues, the objective of the investigation is to determine:

1. Whether IFC has complied with its E&S Policies, including:
 - a. Whether IFC conducted a pre-investment E&S review of its investments in Shapoorji Joyville as required by the Sustainability Policy that was commensurate to the risks and impacts of this investment, particularly regarding land acquisition related risks, such as displacement of land users and occupiers, without recognizable legal rights over the land.
 - b. Whether IFC ensured that the client met all relevant aspects of PS5 requirements regarding land use and occupation, without ownership of the land, in its Shapoorji Joyville affordable housing developments (including but not exclusive of entitlements derived from the complainant's alleged long held tenancy, possible lease rights to the residential land, his alleged cultivation of the land, the potential replacement costs for the possible assets, such as furniture and farming equipment, and potential loss of income or value of the trees, or for the possible use of cattle).
 - c. Whether IFC supervised its investment in Shapoorji Joyville to ensure the company complied with the requirements of IFC's Sustainability Policy and Performance Standards as well as national law, as relevant to the investment, particularly

⁷⁵ CAO Policy, para. 118.

regarding use and occupation without a recognizable legal right to the land where Shapoorji Joyville sub-projects are being developed.

2. Whether the Harms and potential Harms raised by the complainants are related to any IFC non-compliance.⁷⁶

In considering findings regarding Harm and whether any harm is related to IFC non-compliance, CAO will assess IFC's review and supervision of its E&S requirements under the Sustainability Policy. CAO will consider project E&S performance including in relation to the application of Performance Standard 1 (Assessment and Management of Environmental and Social Risks and Impacts) and Performance Standard 5 (Land Acquisition) as relevant to the issues raised in the complaint.

Methodological Approach

CAO will base the compliance investigation on interviews, statements, reports, correspondence, CAO observations of activities and conditions, and other sources that CAO deems relevant.⁷⁷ The compliance investigation process and compliance investigation report will include:

- a. *The investigation findings with respect to compliance, non-compliance, and any related Harm.*
- b. *Context, evidence, and reasoning to support CAO's findings and conclusions regarding the underlying causes of any non-compliance identified.*
- c. *Recommendations for IFC/MIGA to consider in the development of a Management Action Plan (MAP) relating to the remediation of project- or sub-project-level non-compliance and related Harm, and/or steps needed to prevent future non-compliance, as relevant in the circumstances. In case of a project where the IFC/MIGA Exit has occurred, recommendations will take into account the implications of such an IFC/MIGA Exit.*⁷⁸

Sufficient, relevant evidence is required to afford a reasonable basis for CAO's compliance findings and conclusions. CAO will assess whether there is evidence that IFC applied relevant E&S requirements considering the sources of information available at the time the decisions were made and will not make findings and conclusions with the benefit of hindsight.⁷⁹

External Expert(s)

Following established practice, CAO will engage one or more external experts for this investigation, and considers the following qualifications as necessary:

⁷⁶ CAO Policy, paras. 112–114.

⁷⁷ CAO Policy, paras. 115 and 117.

⁷⁸ CAO Policy, para. 120.

⁷⁹ CAO Policy, paras. 116–117.

- Significant expertise in management of environmental and social risks and impacts associated with housing projects, as well as socio-economic assessments related to possible physical or economic displacement due to project related land acquisitions
- Track record of work on land acquisition issues in South Asia and, if possible, particularly in India
- Significant knowledge and expertise of IFC's E&S policies, standards, and procedures, particularly the 2012 Sustainability Policy, and the 2012 Performance Standard 1 (Assessment and Management of Environmental and Social Risks and Impacts), and Performance Standard 5 (Land Acquisition and Involuntary Resettlement)
- Knowledge of the regulatory framework and practices for land acquisition in India
- Experience and knowledge relevant to conducting compliance investigations
- Experience in managing, addressing and considering risks of threats and reprisals to complainants
- Demonstrated ability to analyze policies and practices and develop proposals for reform in complex institutional contexts
- Fluency in English; familiarity with Marathi desirable.

Field Visit

A field visit to the Manjri sub-project area, the surrounding communities, and the headquarters and offices of the sponsor, Shapoorji Pallonji Company Limited, the client Shapoorji Joyville holding company, and the subsidiary who acquired the disputed land, Manjri Horse Breeders, is anticipated during the compliance investigation. For such visits, the CAO case team, external experts, and an interpreter/translator would be expected to participate. Interviews with the relevant staff of the sponsor, client, and Manjri subsidiary is also expected.

Compliance Investigation Schedule, Timeframe, and Reporting Requirements

According to the CAO Policy, a draft compliance investigation report should be completed within one year of the disclosure of an appraisal report.⁸⁰ In this case, within one year of the disclosure of the deferral outcome report, CAO will share a draft compliance investigation report with IFC management for factual review and comment. Management may share the draft report with the client on the condition that appropriate measures are in place to safeguard the confidentiality of the draft report prior to public disclosure.⁸¹ IFC will have 20 business days to provide written comments.

At the same time, the draft investigation report will be circulated to the complainants for their factual review and comment, provided that appropriate measures are in place to safeguard the confidentiality of the draft report prior to public disclosure. If such confidentiality measures are not

⁸⁰ CAO Policy, para. 121.

⁸¹ CAO Policy, para. 122.

in place, complainants will, at a minimum, receive a draft table of the investigation's findings for factual review and comment and as a source of information to inform future consultations on any IFC Management Action Plan (MAP).⁸²

Upon receiving comments on the consultation draft from IFC and the complainants, CAO will finalize the investigation report. The final report will be submitted to IFC senior management and circulated to the Board for information. The Board has no editorial input on the content of a CAO compliance investigation report. Once the investigation report is officially submitted to IFC Management and circulated to the Board, CAO will notify the public on its website of the investigation's completion.⁸³

Upon CAO's final submission of the compliance investigation report to IFC, IFC Management has 50 business days to submit a management report to the Board for consideration. The management report must include a MAP for Board approval. A MAP contains time-bound remedial actions that IFC proposes to address CAO findings of non-compliance and related harm. IFC must consult with complainants and the client during its MAP preparation process, and its management report must also include a reasoned response to CAO's finding or recommendations regarding non-compliance or related harm that IFC is unable to address in the MAP.⁸⁴

CAO will submit comments on the proposed MAP to the Board, and the complainants may submit a statement to CAO on the proposed MAP and the adequacy of consultations for circulation to the Board.⁸⁵ Upon the Board's approval of the MAP, the compliance investigation report, management report, and MAP will be published on CAO's website.⁸⁶

⁸² CAO Policy, para. 124–125

⁸³ CAO Policy, paras. 123, 127–129.

⁸⁴ CAO Policy, paras. 130–132, 134.

⁸⁵ CAO Policy, para. 135.

⁸⁶ CAO Policy, para. 138.