



CAO CONCLUSION REPORT – ENSO ALBANIA-01/LENGARICA

This report summarizes the dispute resolution process of the Compliance Advisor Ombudsman (CAO) related to the complaint filed regarding the Enso Hydro project (#30979) in Albania.

February 1, 2016

BACKGROUND

The IFC investment

Enso Hydro (enso), an IFC client, is an Austrian company specializing in investments in small and medium-scale hydropower plants in South East Europe, Turkey, Alpine Regions, and Scandinavia. According to IFC, one 8.9 megawatt (MW) hydropower plant on the river Lengarica in Albania has already been identified and the concession has been signed. IFC holds a EUR6.0 million equity stake in the company¹.

The Complaint

In June 2015, a complaint was lodged with CAO by two local residents with the support of the Organic Agriculture Association, an Albanian civil society organization. The complainants raise issues regarding the impacts of the Lengarica project, alleging that project construction is having negative impacts on biodiversity, critical habitats, and ecotourism livelihoods. The complaint also raises concerns about project due diligence and compliance with national legislation around protected areas and the IFC performance standards.

CAO found the complaint eligible for further assessment in July 2015 and conducted an assessment trip in September 2015.

CAO ASSESSMENT

During the assessment, CAO reviewed project documents and conducted meetings with relevant stakeholders: the complainants and NGO representative, enso representatives, and the IFC project team.

Subsequently, the parties agreed to try to resolve the issues collaboratively through a CAO dispute resolution process. CAO released an Assessment Report in December 2015 documenting the assessment process and next steps.

DISPUTE RESOLUTION PROCESS

At the time the complaint was lodged with CAO, the power plant was not commercially operational. Given that the power plant became operational subsequent to the complainants decision to commence a dispute resolution process, but prior to the actual process commencing, the complainants determined that they were unwilling to meet with the company, enso. Although CAO had commenced capacity building with the parties, CAO was unable to move ahead with the dispute resolution process.

CONCLUSION AND NEXT STEPS

CAO's Dispute Resolution function has concluded its involvement in this case, and the case will be transferred to CAO Compliance for appraisal of IFC's performance related to the project. This is standard practice as per CAO's Operational Guidelines for complaints that are not amenable to, or cannot be resolved through, dispute resolution.

Other documentation relevant to this case is available on the CAO website:

www.cao-ombudsman.org

¹ More information on the IFC project can be found on IFC's website: <http://goo.gl/1SJjly>