Summary of the Complaint and CAO Ombudsman Process

Located close to the Sinharaja Rainforest in southern Sri Lanka, the Rainforest Ecolodge (REC) is a joint venture eco-tourism project set up by several private sector companies in the tourism industry. IFC, through its South Asia Enterprise Development Facility (SEDF), is providing technical advisory services to the project to obtain US Green Building Certification, and promote eco-tourism in the country.

In August 2009, a local NGO - Save the Sinharaja Campaign - filed a complaint with the CAO on behalf of residents of the Deniyaya Village in Sri Lanka. The complainants raise concerns about how the project benefits local communities living in and around the area. The complaint also raises environmental concerns, including felling of trees within the 1.6 kilometer prohibition zone and damming of a river tributary which the complainants believe threatens the rich biodiversity of the Sinharaja Rainforest - a UNESCO World Heritage Site.

Activities

CAO Ombudsman conducted a field assessment in October 2009 and discussed the claimant's issues with local stakeholders. During this field visit, the CAO was given the opportunity to meet with representatives from the following institutions:

- Deniyaya Kotapola Pradeshiya Sabha (Local Council)
- Community Members
- Central Environmental Authority (Government of Sri Lanka)
- IUCN
- UNESCO
- United States Agency for International Development (USAID)
- REC

These wide ranging conversations allowed for a balanced and thorough understanding of the project, as well as issues impacting local communities and the environment. The Assessment revealed a history of concerns about the implementation of the project, but also a trend of corrective actions and improving relationships. As one tangible example, REC had recognized its error in building ‘treetop’ chalets in forest fragments, and had dismantled these structures.

Outcomes

In discussion with the company, IFC, and the claimant, the CAO has secured the agreement from all parties to address the
Lessons and Insights

1. Casting a wide net for discussions with multiple stakeholders on all sides of the complaint issues was important to resolving this case. The CAO was able to access senior representatives of both IUCN and UNESCO, both of whom were able to provide an independent and critical perspective on the project and its context. In addition, the perspective of the Central Environmental Authority was helpful to understanding the impact assessment process and permitting.

2. The meetings with representatives of the Deniyaya Kotapola Pradeshiya Sabha (local Council) were essential to understand local capacity and existing processes for assurance relating to environmental and social commitments of the project. The representatives were clearly well informed, challenging and professionally skeptical of the project, while at the same time constructive in their approach.

3. This complaint is indicative of an opportunity for IFC to provide more effective, targeted support to its Sponsors in Advisory projects. For example, an appraisal by a relevant IFC Specialist combined with guidance on supportive actions and appropriate disclosures (for example of the Initial Impact Assessment) would have been helpful in supporting the Sponsor to address some of questions raised in this case. The CAO is encouraged that IFC Advisory Services has taken the initiative to revise its procedures for social and environmental requirements and looks forward to improved implementation.

Complete documentation on this case, including CAO’s Assessment Report and IFC’s Management Response, are available on the CAO website at www.cao-ombudsman.org