

STRATEGIC PRIORITIES

FY23-FY25

Note: CAO's Strategic Priorities cover the period Fiscal Year (FY) 23 - FY25
(July 1, 2022 - June 30, 2025).

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EXECUTIVE SUMMARY

1. The new IFC/MIGA Independent Accountability Mechanism Policy ([CAO Policy](#)) and recommendations from the *External Review of IFC/MIGA's Accountability, Including CAO's Role and Effectiveness* ([External Review](#))¹ required CAO to reconsider how it organizes and allocates efforts, and what tools and resources are needed to implement the CAO Policy and the External Review recommendations. CAO has conducted several internal analyses over the past year: a review of strategic priorities; business process and efficiency reviews; a workforce analysis and improvement plan; and a budget review. Together, they provide a “reset” for the internal workings of CAO so that its processes, activities, workforce, and budget are aligned with the new CAO Policy and outstanding non-policy recommendations from the External Review.
2. **Strategic Priorities.** In developing its strategic priorities for Fiscal Year (FY) 23–FY25, CAO considered its current operational strengths and challenges, the institutional priorities of IFC and MIGA, and the realities of operating during a pandemic, as well as other contextual factors. CAO identified five key priority areas for FY23–FY25, which include:
 - i. Effective case handling and transition to the new CAO Policy, with a key focus on reducing the backlog of cases,² ensuring timelines established in the CAO Policy are met, and facilitating access to remedy.
 - ii. Capturing and developing knowledge, with an emphasis on increasing the learning and informational value of CAO's casework.
 - iii. Strengthening engagement with internal and external stakeholders to enhance awareness, understanding, and trust in CAO's purpose and value so that CAO's mandate can be fully exercised.
 - iv. Enhancing staff capacity and the internal work environment, with an emphasis on expanding and deepening the skills and experience of staff and consultants and promoting a respectful work environment.
 - v. Identifying and implementing efficiencies in CAO operations to streamline processes, reduce time delays, and effect cost-savings.
3. These priorities will guide and inform CAO's annual work plan and budget through FY25. Indicators have been developed to monitor, evaluate, and report on progress with respect to expected improvements related to effectiveness, productivity, and efficiency.

¹ See <https://www.worldbank.org/en/about/leadership/brief/external-review-of-ifc-miga-es-accountability>. On July 1, 2021, the IFC and MIGA Boards of Executive Directors adopted a new [IFC/MIGA Independent Accountability Mechanism \(CAO\) Policy](#) (“CAO Policy”), which responded to the recommendations of the 2020 [External Review Report](#).

² CAO defines a case backlog as cases that, as of July 1, 2021, had exceeded by at least 50 percent the CAO policy timelines for their current case phase.

4. **Workforce Planning.** CAO's workforce plan addresses key areas of improvement: deepening and expanding skills sets; increasing opportunities for mobility and professional growth; and closing the gap in the number of staff and consultants needed to execute the CAO Policy and the non-policy recommendations from the External Review. The primary basis for determining the human resources needed was a data analytics exercise to calculate the average time and cost parameters required for case processing.

INTRODUCTION

5. In FY22, CAO embarked on a strategic planning process that sought to align CAO activities and resources with the implementation of the new CAO Policy adopted in June 2021. While the new Policy reinforces the mandate and three functions of CAO (Dispute Resolution, Compliance, and Advisory), it also includes provisions to make CAO processes more effective. In so doing, it asks more of CAO, IFC, and MIGA in how the functions are executed. These include shortened time frames, increased transparency, enhanced opportunities for engagement by IFC and MIGA, and an increased emphasis on engaging complainants and facilitating access to remedy. Moreover, the CAO Policy changed the reporting line from the President of the World Bank Group to the IFC and MIGA Boards of Executive Directors, requiring not only changes in processes but also increased efforts to provide greater clarity and information about CAO's work. Last, the External Review Report issued a series of recommendations that provide CAO with a roadmap of other reforms and improvements not directly related to the CAO Policy to enhance the effectiveness of CAO.
6. This document presents the results of a strategic review of CAO priorities for the period FY23–FY25.

STRATEGIC PRIORITIES

FY23-FY25

CAO'S PURPOSE AND VALUE

7. As the World Bank Group (WBG) focuses its strategy on ending extreme poverty and promoting shared prosperity in a sustainable manner, the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) have a key role to play in delivering greater development impact through the private sector in some of the poorest countries of the world. This includes countries affected by fragility, conflict, and violence (FCV), areas with marginalized or vulnerable people, and locales where capacity to manage the environmental and social risks and impacts of development projects may be limited.
8. In this context, the Compliance Advisor Ombudsman (CAO), as the independent accountability mechanism for IFC and MIGA, makes an important contribution to the sustainable development and risk management priorities of both institutions. CAO's mandate is to facilitate the resolution of complaints from project-affected people, enhance the environmental and social outcomes of IFC and MIGA projects, and foster public accountability and learning to strengthen IFC and MIGA environmental and social performance and reduce the risk of harm to people and the environment. This mandate is delivered through CAO's Dispute Resolution, Compliance, and Advisory functions, which together enhance IFC's and MIGA's accountability and environmental and social (E&S) performance by:
 - providing a channel for resolving grievances from project-affected communities, thus helping clients manage environmental and social risks, and improving development outcomes for people on the ground.
 - undertaking investigations into allegations of noncompliance with their environmental and social policies and Performance Standards, resulting in remedial actions to address harm where appropriate; and enhancing the credibility of, and public trust in, IFC and MIGA.
 - delivering advice and learning products to help strengthen IFC's and MIGA's environmental and social risk management at the project and institutional level.

CAO'S OPERATING CONTEXT

9. Approval of the new CAO Policy in 2021, following a major External Review, marked the beginning of a new phase for CAO. The CAO Policy, which builds on CAO's 20 years' experience providing solutions, accountability, and learning, is designed to enhance CAO's effectiveness and strengthen accountability at IFC and MIGA.
10. While the new CAO Policy clearly articulates CAO's mandate, roles, and responsibilities in facilitating access to remedy for project-affected communities, CAO operates in a context influenced by key internal and external factors that affect how it delivers on its mandate. These include the COVID-19 pandemic; IFC's/MIGA's business in contexts characterized by FCV; private sector trends in environmental, social, and governance (ESG) matters; and growing environmental pressures affecting people and the planet, including climate change. These factors, which are discussed next, present challenges to CAO's work as well as opportunities, with related implications for CAO's strategy and resource planning.
11. **The COVID-19 Pandemic.** As with the rest of the World Bank Group, the COVID-19 pandemic has altered CAO's work since March 2020 and will continue to have ripple effects on CAO operations for some time. Most directly, travel restrictions during the pandemic have limited the ability of CAO staff and consultants to engage directly with complainants and IFC/MIGA clients, causing delays to cases in dispute resolution and compliance processes. Other implications of the pandemic include a decline during FY20 and FY21 in the number of eligible complaints received by CAO by almost half. Accountability mechanisms of other development finance institutions (DFIs) have reported similar declines in complaints received over the same period. While it is too early to confirm, it is likely that widespread disruption during the pandemic has presented obstacles to communities filing complaints. The pandemic has also hindered IFC's and MIGA's ability to conduct on-site environmental and social supervision visits, pointing to the possibility that some of these projects may be the subject of future complaints. Potential project-related environmental and social issues may also be exacerbated by weaker enforcement of local and/or national laws due to the limitations associated with the pandemic.
12. While the pandemic has presented challenges to CAO in progressing casework in some instances, it has also presented opportunities to test processes and improve efficiency. These include, for example, the use of online mediation, which has allowed some cases to progress, while minimizing travel time and costs. At the same time, CAO has had to provide additional resources to address capacity and technical challenges with local teams, such as hiring extra mediators, translators, and local consultants in addition to providing logistical, technological, and technical support to complainants and other parties to help overcome technology constraints.

13. **Institutional Context.** The risks associated with the WBG’s commitment to promote increased private capital flows to fund development in FCV countries have been well documented.³ The risks that are most relevant for CAO’s work in these contexts relate to the (1) weaker capacity of key actors, such as government agencies and private sector entities, to implement environmental and social requirements; and (2) poor governance structures that limit public participation and engagement of civil society. As acknowledged by the WBG’s FCV strategy, these risks cannot always be effectively mitigated. MIGA has signaled its intent to reorient back to more support to foreign direct investment through its green, resilient, and inclusive development (GRID) response framework. IFC has updated its targets under its 2030 Capital Package and anticipates a return to a growth in its portfolio over FY23–FY25. This growth, once realized, could also contribute to an increase in the number of complaints received by CAO.⁴ Initial analysis shows that 3.3 percent of IFC’s active investments in FCV countries and countries eligible for International Development Association (IDA) assistance have resulted in complaints to CAO, compared to 1 percent for non-FCV/IDA countries.⁵ Furthermore, complaints from FCV countries could present significant challenges, including complaints from people facing risks of threats and reprisals.
14. Against this backdrop, there is the potential for unmanaged environmental and social project risks and impacts to result in harm to communities that lack the means to access recourse. This presents opportunities for proactive engagement on the part of CAO to work together with IFC and MIGA to ensure that communities are aware of their options for grievance redress (via the client, IFC/MIGA, or CAO), as well as to help address grievances under the CAO Policy.
15. **Private Sector Trends in Environmental, Social, and Governance Matters.** IFC’s and MIGA’s private sector clients are operating in an evolving market where expectations for environmental and social responsibility and risk management are rapidly changing. At the global level, international agreements, as well as voluntary business-led initiatives such as the Equator Principles and commodity roundtables, have set benchmarks on how private sector actors can take account of the environmental and social impacts of their activities.⁶ In capital markets, ESG investing is moving from the fringe to the mainstream, with dramatic increases during the past few years.⁷

³ [World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025](#).

⁴ Historically, the correlation between the number of projects committed in IFC’s portfolio and the number of complaints received by CAO from 2000 to 2016 is 0.75. The cutoff is 2016, given that it takes, on average, about five to six years from project commitment for CAO to receive a complaint.

⁵ IDA eligibility is identified using IDA-17 replenishment criteria/eligibility. This initial analysis conducted by CAO looks at annual commitments made by IFC from FY2000 to FY2021 (from MIS project extracts) that were active as of the end of FY2021.

⁶ Examples of global agreements include the UN Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPR), G20/OECD Principles on Corporate Governance, the OECD Guidelines for Multinational Enterprises, and the UN Addis Ababa Action Agenda. Private sector-led roundtables that facilitate the development of environmental and social good practice standards have been set up for a number of commodities, such as the Roundtable for Responsible Palm Oil, the Roundtable for Responsible Soy, the Global Roundtable on Sustainable Beef (GRSB), the Better Sugar Cane Initiative (Bonsucro), the Roundtable on Sustainable Biofuels, and the Better Cotton Initiative.

⁷ ESG funds in 2021 had \$649 billion in inflows, surpassing the level of \$51.1 billion in 2020 and \$285 billion in 2019.

16. At the same time, there is growing pressure to address “greenwashing” in ESG labeling of financial products, which is resulting in regulatory developments in the areas of standard setting and transparency requirements affecting financial products, direct investments, and supply chains. In developing countries, efforts are growing to improve the transparency, assessment, reporting, and monitoring of environmental and human rights concerns, particularly where there is exposure to global markets. For example, 22 developing countries have developed, or are in the process of developing, National Action Plans on Business and Human Rights.⁸ Thirty-two countries participating in IFC’s Sustainable Banking and Finance Network (SBFN) have launched ESG frameworks that set expectations for the management of ESG risk and performance by financial institutions. The SBFN reports that there is a growing trend of including ESG expectations in corporate governance codes in developing countries.
17. These developments point to the importance of strong environmental and social performance of companies and financial institutions as an emerging requisite for accessing regional and international markets and finance. CAO’s work is crucial to supporting IFC and MIGA efforts to strengthen the environmental and social performance of their clients so they can meet growing expectations in global and emerging markets. More generally, CAO’s mandate is aligned with the WBG’s commitment to green, resilient, and inclusive development.⁹
18. **Climate and Environmental Pressures.** The adverse effects of continued environmental degradation and the climate crisis are resulting in socioeconomic stresses, particularly in developing countries, where they are undermining development gains. Indicators of key environmental trends such as biodiversity, temperature changes, and water availability, among others, point to accelerated losses and risks worldwide.¹⁰ Impacts of these are already evident and are affecting countries and communities alike.¹¹ For poor communities, the depletion of natural resources such as forests, water, fish stocks, biodiversity, and land is a loss of sustenance and a loss of income. As these trends continue, it is likely that social frictions will continue to increase.

8 See “Accelerating Sustainable Finance Together: Global Progress Report of the Sustainable Banking and Finance Network,” <https://www.sbfnetwork.org/publications/global-progress-report-2021/>

9 “From COVID-19 Crisis Response to Resilient Recovery – Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID)”, SecM2021-0047, February 25, 2021; and “WBG Financing for Green, Resilient and Inclusive Development – Towards A Post Pandemic Approach,” DC2021-0007, September 16, 2021.

10 Since 2019 environmental risks have dominated the critical threats identified in an annual survey conducted by the World Economic Forum. In its 2022 Global Risk Report, climate action failure, extreme weather events, and biodiversity loss and ecosystem collapse were considered the top 3 of the top 10 global risks by severity over the next 10 years. See <https://www.weforum.org/reports/global-risks-report-2022>. UNEP’s 6th Global Environment Outlook (GEO) reports that environmental conditions have continued to deteriorate to the point that the degradation of Earth’s ecosystems are endangering the ecological foundations of society. See UN Environment (2019), “Global Environment Outlook–GEO-6: Summary for Policymakers.” doi: 10.1017/9781108639217.

11 The Intergovernmental Panel on Climate Change (IPCC) report, *Climate Change 2022, Impacts, Vulnerability and Adaptation*, states that “[H]uman-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people, beyond natural climate variability. Across sectors and regions, the most vulnerable people and systems are observed to be disproportionately affected. The rise in weather and climate extremes has led to some irreversible impacts as human systems are pushed beyond their ability to adapt.” See www.ipcc.ch/report/sixth-assessment-report-working-group-ii/.

19. The interrelationships between environmental degradation, resource scarcity, and conflict have been documented as feedback loops, with each issue reinforcing the other.¹² Violent conflicts can emerge where local and national institutions lack the capacity to resolve disputes over environmental degradation or depletion of natural resources. Shrinking civic space, obstacles to freedom of association, and resource conflicts are creating heightened risks of threats and reprisals for communities, workers, and project stakeholders who express concerns about, or oppose, development projects. For example, the number of people killed while defending environmental and land rights has been steadily increasing, with 358 documented killings in 2021.¹³
20. This outlook reinforces the growing need for neutral, independent, and trusted grievance mechanisms like CAO, and the importance of the CAO Policy's emphasis on facilitating access to remedy. Considering the challenges described, success in this endeavor will require sustained collaboration among CAO, IFC, and MIGA.

¹² See Thomas F. Homer-Dixon, 1994, "Environmental Scarcities and Violent Conflict: Evidence from Cases," *International Security* 19 (1, Summer), <https://doi.org/10.2307/2539147>; Institute for Economics & Peace, 2021, *Ecological Threat Report 2021: Understanding Ecological Threats, Resilience and Peace*, October, <https://www.economicsandpeace.org/wp-content/uploads/2021/10/ETR-2021-web.pdf>.

¹³ Front Line Defenders Global Analysis, https://www.frontlinedefenders.org/sites/default/files/2021_global_analysis_-_final.pdf. The number of documented killings of environmental defenders grew from 116 in 2014 to 212 in 2019 to 227 in 2020. Global Witness, "How Many More? (2014); "Defending Tomorrow" (2019); "Last Line of Defense" (September 2021) <https://www.globalwitness.org/en/campaigns/environmental-activists/land-and-environmental-defenders-annual-report-archive/>.

STRATEGIC PRIORITIES, FY23–FY25

21. During FY21–FY22, CAO embarked on a strategic planning process to guide CAO’s work over the next three fiscal years and align its work program, budget, and human resources to enable effective implementation of the new CAO Policy and the External Review’s non-policy recommendations. CAO’s strategic planning process reflects engagement with CAO staff, IFC and MIGA, Board members, and external stakeholders.
22. The results centered around five strategic priorities:
 1. Ensure effective case handling and transition to the new CAO Policy
 2. Capture and develop knowledge for impact
 3. Strengthen engagement with internal and external stakeholders
 4. Enhance staff capacity and the internal work environment
 5. Identify and implement efficiencies in CAO operations
23. This set of priorities and related actions will guide CAO’s work plan for the next three fiscal years, commencing in FY23.
24. To implement the actions and put in place the improved systems and processes, CAO has developed a staffing plan to identify needed adjustments in terms of the full-time equivalents (FTEs), as well as staff grade levels, processes, and areas of expertise and experience. In addition, CAO conducted a budget review to determine the resources needed to support staffing increases and improved systems and processes.
25. See appendix A for a description of CAO’s strategic planning process.

STRATEGIC PRIORITY I. EFFECTIVE CASE HANDLING AND TRANSITION TO THE NEW CAO POLICY

26. The new CAO Policy streamlined required time frames for CAO to process and respond to complaints (see figure 1, which depicts CAO’s complaint handling process). While these time frames are necessary for improving the impact of CAO’s work, they represent a major challenge for CAO for the following reasons:

- i. **Backlog in cases.**¹⁴ CAO case handling timelines have been strained by capacity constraints in recent years, including staffing and available resources. During FY20–FY21, CAO staff time was diverted from casework for engagement in the External Review process and in the development of the new CAO Policy, contributing to delays in the processing of cases.¹⁵ While the number of new complaints received per year has decreased during the COVID-19 pandemic, the pandemic has compounded the backlog due to the suspension of mission travel.¹⁶ Since the start of FY22, CAO has worked to reduce this backlog. Of the 23 cases (39 percent) in the backlog, 15 (40 percent) had been either closed or transferred to another CAO phase by the end of the third quarter (March 31, 2022). CAO expects to eliminate the case backlog by FY25, provided that the required resources are made available.
- ii. **Policy requirements for case processing.** The new CAO Policy stipulates required timelines for both CAO and IFC/MIGA for different phases of the CAO process. These enhancements responded to recommendations from the External Review to shorten case processing times, particularly related to the assessment, compliance appraisal, and investigation phases.¹⁷ Under current CAO staffing and budget conditions, achievement of these time frames is unlikely. CAO has established interim milestones to ensure the CAO Policy timelines are met by FY25, as shown in figure 2. Achieving these interim milestones is contingent on the availability of resources.
- iii. **Projected increase in complaints.** While the number of new eligible complaints received has decreased since FY19 (with an average of 6 eligible complaints per year), CAO expects its intake of new eligible complaints to go back to pre-pandemic levels in FY23 (14 per year, based on averages between FY13 and FY18). CAO anticipates this intake to further increase by FY25 to around 16 new eligible complaints per year. This estimate is based on three factors: (1) the positive historic correlation between fluctuations in IFC’s portfolio and the number of complaints received by CAO; (2) the expected growth of IFC’s portfolio, especially in IDA and FCV-affected countries;¹⁸ and (3) IFC and MIGA’s limited ability to fully verify compliance with E&S standards given the COVID-19 travel restrictions.¹⁹

14 For the purpose of this analysis, CAO defines a case backlog as cases that, as of July 1, 2021, had surpassed by at least 50 percent the CAO policy timelines for their current phase.

15 For example, since FY13, CAO has produced, on average, two to three investigation reports per year. However, in FY21, CAO did not publish any compliance investigation reports. CAO produced five investigation reports in FY22 and plans to produce six in FY23.

16 To date, CAO estimates the pandemic has accounted for about/approximately 6 months delays in case handling across functions

17 The new CAO Policy refines timelines for processing of cases in the eligibility, assessment, compliance appraisal, and investigation phases. In particular, the timeline for assessment is reduced from 120 business days to 90, albeit with the option to extend the assessment by 30 business days in exceptional circumstances. The eligibility and compliance appraisal phases are still 15 business days and 45 business days, respectively, but may only be extended in exceptional circumstances by 20 business days. In addition, CAO is required to circulate a draft investigation report within one year of the release of the compliance appraisal. Since the dispute resolution process is driven by the complainants and IFC/MIGA clients, timelines for the dispute resolution process were not established. See [CAO Policy](#), paras 44, 56, 95, and 121.

18 According to [IFC’s Strategic and Business Outlook for FY23-25](#), “IFC expects a substantial program growth in priority areas as envisaged in the COVID-19 crisis response, capital package, the IDA lending scale up, especially in poorer and smaller countries and those affected by fragility, conflict and violence.”

19 Due to travel restrictions associated with the COVID-19 pandemic, E&S supervision has been performed virtually, as reported in IFC’s Portfolio and Risk Report.

FIGURE I. CAO'S COMPLAINT HANDLING PROCESS

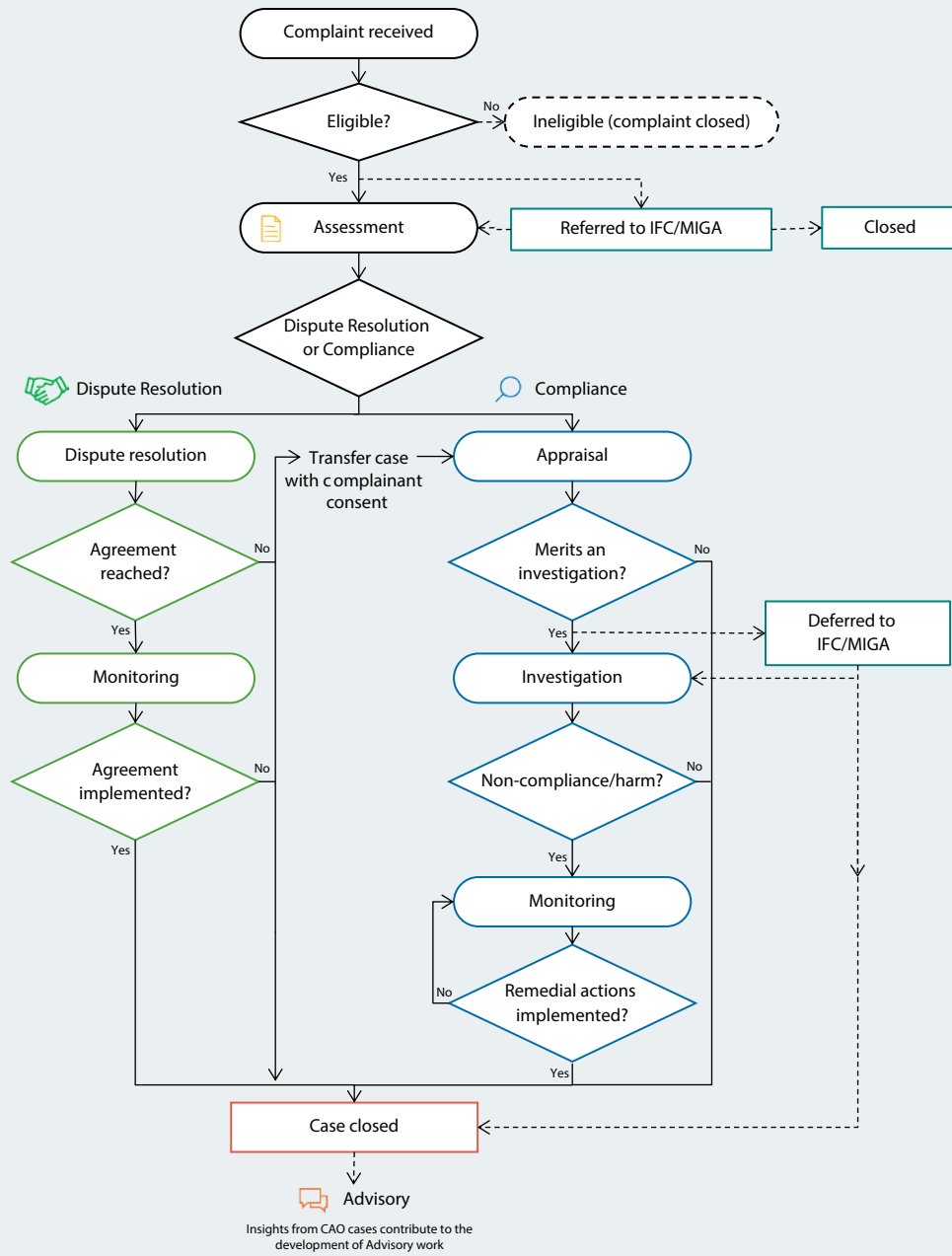
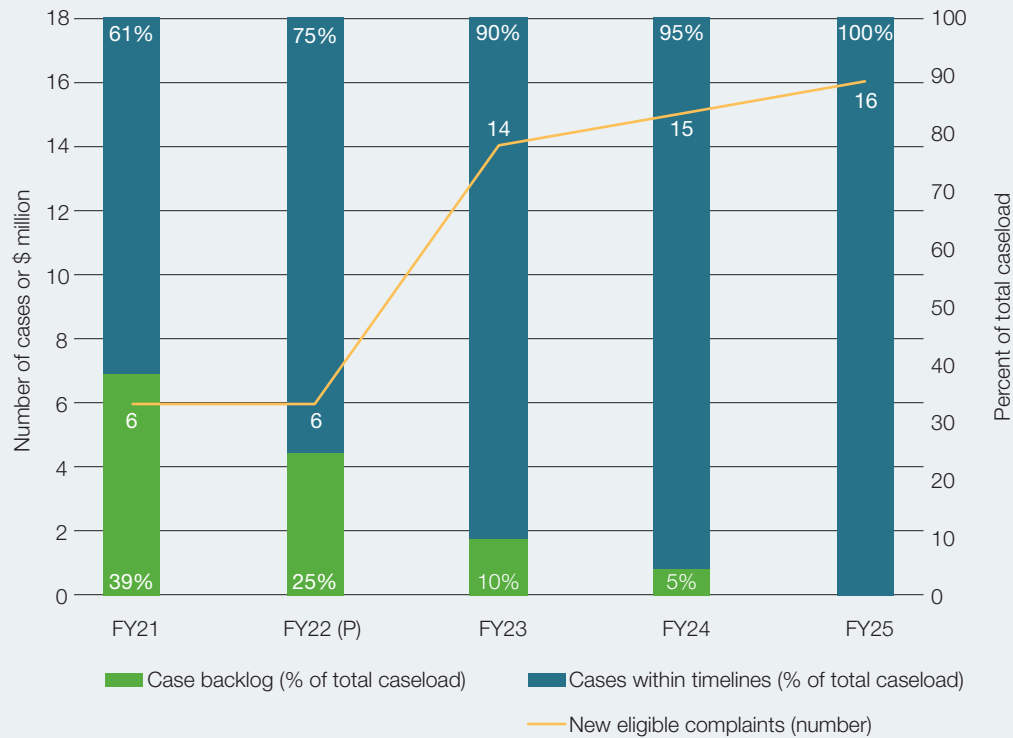


FIGURE 2. CAO HISTORIC CASELOAD AND PROJECTIONS, FY21–FY25



Note: The projected reduction in the backlog assumes timely availability of resources.

27. Given these challenges, the chief priority for CAO during FY22–FY25 is to process cases within the timelines set by the new CAO Policy. CAO is working on several initiatives to achieve this objective:

- i. **Process improvements.** CAO has streamlined its case handling processes and defined protocols for engagement with IFC/MIGA on case-related communications. Interim targets for the delivery of case-related products and processing times have been set, which are monitored and reported on a quarterly basis.
- ii. **Analysis of dispute resolution case timelines and outcomes.** In response to the External Review, CAO is analyzing factors that might influence the length and outcome of dispute resolution cases. Processing times typically average one to two-and-a-half years from the time the complaint is filed to the conclusion of the dispute resolution process.²⁰ This average has almost doubled in the last two years, likely due to the limitations imposed by the pandemic. In addition, on average, 42 percent of cases managed in dispute resolution processes are transferred to

²⁰ This includes the period of monitoring the implementation of agreements, when applicable.

Compliance without reaching an agreement.²¹ The new CAO Policy does not place timelines on a dispute resolution process because the pace of the process is determined by the parties and complexity of issues involved. However, CAO is keen to identify the aspects of the process that are within its control that may help shorten timelines and enhance the likelihood that agreements are reached between the parties. Factors being examined include the availability of qualified mediators and other consultants, and the nature and level of engagement by IFC and MIGA in dispute resolution processes, among others. CAO expects to complete its analysis by the second quarter of FY23. Results will be reflected in the FY24 CAO work program and budget.

- iii. **Digitalized case management system (CMS).** The development and implementation of a digitalized case management system (CMS) is essential to ensure the timely management of CAO cases. Currently, CAO does not have a coherent digital system for managing cases, tracking timelines, reporting, and publishing case-related information. Instead, CAO uses various software programs and platforms to log new complaints, store case documents, track milestones, manage confidentiality provisions, and collaborate between teams. This fragmented way of working puts the office at greater risk of errors, delays, lowered quality of outputs, and reduced success in the effective and timely management of its cases. Developing and implementing a digitalized case management system is a key CAO objective for FY23–FY25.

STRATEGIC PRIORITY 2. CAPTURE AND DEVELOP KNOWLEDGE FOR IMPACT

28. A significant objective for CAO is to leverage insights and lessons from individual cases to develop more systematized information and learning. CAO’s Advisory function provides advice to IFC/MIGA and the Boards with the purpose of improving performance on environmental and social sustainability and reducing the risk of harm to people and the environment at a systemic institutional level. Since CAO’s inception, the Advisory function has provided recommendations and guidance on diverse topics such as supply chains, corporate incentives, and grievance mechanisms, which has been useful to not only IFC and MIGA but the broader community working on environmental and social risk issues related to the private sector.²² More recently, CAO’s Advisory function has collaborated with IFC on a series of joint learning events with a focus on environmental and social topics, including access to remedy and responsible exit. In FY22 it also launched an interactive digital report, “[CAO in Numbers](#),” which provides an in-depth review of CAO case data to illuminate systemic environmental and social trends.

²¹ Based on historic averages for FY08–FY21.

²² For example, the External Review report stated: “Most notably, the CAO advisory review of extractives (2003), its review of IFC’s Safeguard Policies (2003), and contribution to the Performance Standards Review (2010) have helped ensure that policies reflect learning from communities’ experiences of development projects. The 2016 CAO Grievance Mechanism Toolkit is particularly notable for the quality and accessibility of guidance it provides to IFC/MIGA clients and others.” See the [External Review](#) report.

29. However, CAO’s Advisory function has been underleveraged. The potential exists to generate more targeted and timely knowledge and learning products based on analysis of case work. IFC and MIGA staff have indicated their interest in CAO strengthening its knowledge and learning efforts.²³ The External Review also identified several areas for improvement within the Advisory function, including:
- i. The integration of Advisory function products into CAO’s overall monitoring and evaluation system.
 - ii. Greater direct engagement with IFC and MIGA staff, private sector companies, and civil society organizations; and more collaborative lesson-learning workshops with IFC and MIGA.
 - iii. Systematic tracking of the dissemination and use of Advisory products by others beyond IFC and MIGA.
30. The External Review also pointed to the need to provide the Boards with greater access to CAO advisory work to inform the Boards directly, and to enable the Boards to request advisory work. The new CAO Policy allows for this to happen. Other recommendations are being incorporated in the advisory work program over the FY23–FY25 period. In addition, during this period, a review of CAO’s advisory work will be undertaken to identify areas for further enhancement.
31. Maximizing the potential of CAO’s advisory work to transfer knowledge and insights gained from individual cases into IFC’s/MIGA’s broader environmental and social risk management approach and practices will be a key objective for CAO during FY23–FY25. Priority areas will include:
- i. **Developing CAO analyses and knowledge products.** Emphasis will be placed on:
 - Thematic topics, drawing on experiences from specific CAO cases to inform future IFC and MIGA activities and investments. Examples include identifying factors that have contributed to incidents of noncompliance and an analysis of recurrent issues raised in dispute resolution processes.
 - Regional and sectoral analysis of environmental and social risks, and their management.
 - ii. **Strengthening CAO’s approach to training and learning events.** Initiatives and events may include:
 - Training programs and learning events for targeted audiences (IFC and MIGA management and staff, Board members, civil society organizations, private sector clients, and other stakeholders).
 - “Co-Lab” events on environmental and social topics jointly developed with IFC and MIGA.

²³ A recent CAO survey of IFC and MIGA staff indicated the CAO needs to do more to develop lessons learned to be integrated into IFC/MIGA development practice, and to engage in joint learning and knowledge-sharing events on E&S and sector-specific themes. Board members have also expressed their preference for more data analysis to provide deeper understanding of E&S and sectoral trends, identification of predictive risk factors, and contextual risk.

- Timely development and targeted dissemination of high-quality knowledge products for the Boards, IFC and MIGA, and external stakeholders.
 - Engaging IFC/MIGA staff during the development of advisory work to inform the scope relevance to current institutional challenges and priorities, and to ensure the applicability of CAO knowledge products.
- iii. **Strengthening systematic knowledge management.** Steps will be taken to facilitate:
- More systematic interaction between CAO staff working on dispute resolution and compliance cases with the Advisory function.
 - Systematic tracking of how CAO advisory products are cited, disseminated, and used by IFC/MIGA staff and other stakeholders.

STRATEGIC PRIORITY 3. STRENGTHEN ENGAGEMENT WITH INTERNAL AND EXTERNAL STAKEHOLDERS

32. The new CAO Policy emphasizes CAO's role in facilitating access to remedy for project-affected people. Delivering on this mandate requires a conscious shift to making CAO processes better known and engaging with IFC and MIGA to address the concerns of complainants, as well as developing a greater sensitivity to the perspectives of the complainants and other parties, such as IFC/MIGA clients. To this end, CAO will focus on the following:
- i. **Implement a stakeholder mapping and communications strategy.** CAO will conduct a stakeholder mapping, including stakeholder surveys, to ascertain current perceptions and attitudes to CAO and update CAO's communications and outreach strategy accordingly to strengthen engagement with different stakeholders; help address gaps in access, awareness, and understanding of CAO's work, particularly among potentially affected communities; and support effective implementation of the new CAO Policy.²⁴
 - ii. **Increase internal understanding, collaboration, and trust in CAO.** CAO will undertake technical briefings and other forms of engagement to increase the transparency of CAO processes and communicate CAO's results and impact.
 - iii. **Strengthen CAO's outreach program.** Informed by the stakeholder mapping and communications strategy, CAO will work to enhance CAO's outreach program to improve awareness of, access to, and knowledge of CAO, particularly in reference to the new CAO Policy. CAO will focus its outreach efforts in priority countries/regions where engagement with CAO has been low. CAO will also work to leverage outreach approaches (virtual events, mass outreach seminars, and in-person workshops) together with the mechanisms of other development financial institutions. CAO will enhance follow-up with stakeholders by evaluating outreach efforts to improve engagement as well as strengthen networks over time.

²⁴ A non-policy recommendation from the External Review is that CAO should review the effectiveness of its outreach and communications mandate for different stakeholders and explore mechanisms to increase awareness of its work among potentially affected communities in a way that is not project-specific.

- iv. **Strengthen communications and outreach tools.** CAO will enhance the website and social media to improve audience reach, improve CAO disclosures, better communicate the outcomes and impact of CAO’s work, provide access to CAO data, and improve engagement with non-English speakers through multilingual support. CAO will also develop multimedia tools to support implementation of the new CAO Policy with CAO complainants, IFC/MIGA clients, and IFC/MIGA staff.
- v. **Improve project-level disclosures about CAO.** In line with commitments in the CAO Policy related to project-level information about grievance mechanisms, including CAO, CAO will work with IFC and MIGA to analyze options to promote knowledge of CAO in IFC/MIGA and client documents and in stakeholder engagement processes to improve awareness of CAO with project-affected communities and help facilitate access to remedy.
- vi. **Identify and help address barriers to access CAO.** CAO will identify systemic barriers to accessing CAO (which may include risk of reprisals, digital security, language barriers, and/or capacity to engage with CAO) and develop an options paper in FY23 to help address them.
- vii. **Improve the quality of external communications and reports.** CAO will review written products produced by the Dispute Resolution, Compliance, and Advisory functions to improve content, structure, style, tone, and formatting to make these products more accessible to CAO’s stakeholders. CAO will also adapt CAO communication templates to the new CAO Policy.

STRATEGIC PRIORITY 4. ENHANCE STAFF CAPACITY AND THE INTERNAL WORK ENVIRONMENT

- 33. The ability of CAO to deliver on its mandate is rooted in the experience, skills, commitment, and motivation of the CAO staff. Priority lines of action are focused on three objectives: alignment of staff resources with actions needed to deliver on the strategic priorities; providing staff with opportunities for growth and development; and creating a respectful and productive work environment. In FY22, CAO conducted a workforce analysis to define the human resources needed to implement its strategic priorities. A major input into this analysis was the use of data analytics to calculate the average time and cost parameters required for case processing.
- 34. These parameters served as basis for defining the projected size of CAO’s workforce. The data analysis was also informed by an analysis of efforts, roles, skills, and processes required for CAO to implement the enhanced case handling processes established in the new CAO Policy and to support execution of actions identified in CAO’s three-year Strategic Plan. Appendix B describes CAO’s workforce planning methodology in more detail, including assumptions made and detailed results. Appendix C provides a description of CAO’s current workforce.

35. This analysis, as well as staff surveys and discussions, identified six main areas for improvement:

- i. **Skill mix, mobility, and opportunities for professional growth and development.** CAO conducted a skills mapping exercise to better understand the current state of staff skills. The results of the skills mapping exercise will guide CAO's staff development and recruitment planning as well as the implementation of professional growth initiatives during FY23–FY25. As with other smaller and more specialized units, progression opportunities are limited in CAO. Building up skills, providing stretch assignment opportunities within CAO, and providing developmental assignment opportunities will help address this challenge. In FY22, CAO facilitated developmental assignments for two of its employees with the World Bank Accountability Mechanism and MIGA's Environmental and Social Safeguards team. CAO would like to continue to build on these successful experiences and identify other developmental assignment opportunities for staff.

While targeted efforts to develop the skills and abilities of CAO's workforce are key to strengthening CAO's capacity, CAO's workforce analysis also highlighted the need to bring in more experienced professionals. Seniority and technical specialization are particularly relevant for the Compliance function and dispute resolution process given the specialized knowledge and expertise required for undertaking dispute resolution processes and conducting E&S compliance investigations.

- ii. **Sizing.** CAO's cadre of staff and consultants are overstretched and lack the necessary capacity to implement the new CAO Policy and non-policy recommendations of the External Review. CAO's workforce analysis has identified the need for six additional staff positions (three in Compliance, two in Dispute Resolution, and one in Advisory) to implement CAO's strategic priorities.
- iii. **Structure.** CAO's leadership structure needs to be adjusted to address bottlenecks, insufficient collaboration across functions, and inadequate supervision and support for CAO's workforce. Improvements to be undertaken include:
 - Aligning seniority levels with supervisory responsibilities.
 - Structured interface of case specialists with advisory and outreach activities to maximize knowledge development and learning.
 - Transitioning heads of functions to a fully functional leadership team.
 - Identifying opportunities for improving the delivery of CAO's services, particularly in dispute resolution, where engaging qualified mediators has been challenging.
- iv. **Roles.** One significant challenge has been the lack of role definition across CAO, leading to a lack of clarity regarding work expectations and skills needed to meet expectations. Role definitions have been completed. Remaining areas for improvement include:
 - Standardizing titles.
 - Inconsistent use of split grading, which creates perceptions of inequality.
 - Strengthening managerial capabilities and supervisory responsibilities.

- v. **Alignment of human resource management policies and procedures.** CAO, with the support of the IFC Human Resources (HR) Department, conducted a benchmarking analysis of CAO human resource practices with IFC's and IBRD's policies and procedures. Results showed that CAO human resource practices were overall in alignment with IFC's and IBRD's human resource policies and diverged only in areas where CAO policy provided for a differentiated approach: namely, workforce planning and recruitment controls. CAO and IFC are in the process of documenting a framework for the management of human resources that clearly defines the applicability of World Bank Group HR policies.
- vi. **Enhancing diversity, equity, and inclusion.** CAO recognizes the importance of its alignment with institutional objectives for diversity, equity, and inclusion in the workplace. CAO's workforce is diverse in terms of nationality, with a significant majority of female employees that results in a gender balance of 0.621. CAO exceeds the IFC targets for the percentage of GG female technical and managerial staff (at 71 percent) and GE females from the Sub-Saharan Africa region (at 18.2 percent). Despite these numbers, more can and needs to be done to grow a culture of diversity, equity, and inclusion within CAO.

A priority for FY23–FY25 will be the development and implementation of a diversity, equity, and inclusion plan that will identify opportunities to include DE&I in recruitment, training, and leadership development activities to foster a diverse, inclusive, and respectful work environment. The DE&I plan will involve developing objectives, indicators, and targets as well as activities to strengthen internal behaviors that are aligned with WBG benchmarks, including recommendations from the WBG Anti-Racism Task Force. The plan will also map out opportunities for young professionals from marginalized groups. The aim is to go beyond current efforts such as the World Bank Group's internship program with Howard University, a historically Black university in Washington, DC, where young law students have interned with CAO's Dispute Resolution function since FY21.

STRATEGIC PRIORITY 5. IDENTIFY AND IMPLEMENT EFFICIENCIES IN CAO OPERATIONS

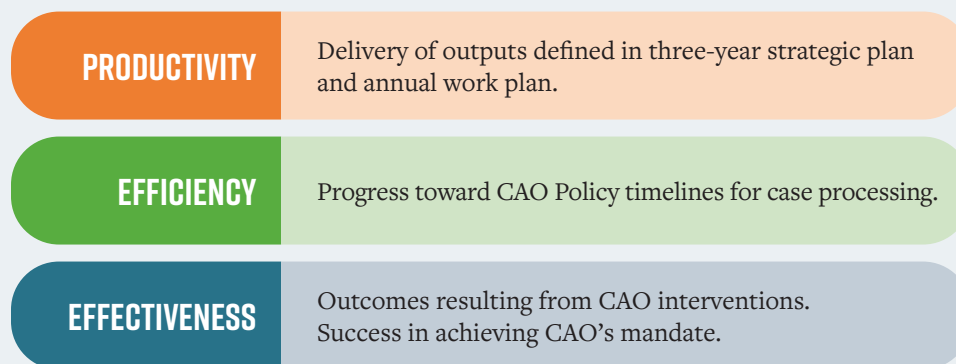
- 36. To ensure successful implementation of CAO's strategic priorities and to enhance the transparency of operations, CAO has also prioritized improvements in resource planning, including budget, work processes, and technology. Supported by enhanced resource analysis, planning, and monitoring, CAO will be better positioned to meet case processing timelines stipulated in the CAO Policy, efficiently deploy its budget resources, and attract and maintain a top-quality workforce.

37. **Budget planning.** To estimate resources needed to manage CAO's case backlog and effectively implement the new policy requirements, CAO calculated average cost parameters for case processing based on historical costing trends and analysis of case handling timelines in the new Policy. This analysis was conducted with the support of IFC's Budget Department and an external consulting firm and was complemented with a benchmarking review to calibrate the budget estimates based on cost parameters. Figure B.2 in appendix B describes CAO's case costing methodology and assumptions made. The results of the benchmarking analysis showed that CAO's annual budget allocation in relation to its caseload is below the average allocation of budget of comparable organizations (\$157K versus \$265K per case).
38. CAO also estimated the efforts required to implement activities to support case handling, such as the automation of case handling and tracking processes, upgrading the quality of CAO reports, and strengthening parties' capacity to engage in dispute resolution processes. Cost implications for the implementation of the non-policy External Review recommendations were also analyzed and included in CAO's budget request for FY23.
39. **Work process analysis.** In FY22, CAO conducted an efficiency analysis to identify bottlenecks and opportunities for streamlining work processes and to find savings. CAO analyzed workflows, roles, and coordination needs related to all case handling phases, including eligibility, assessment, dispute resolution, compliance appraisal, and compliance investigation. Key supporting processes such as communications, budget administration, and reporting were also analyzed because of their significant link to case handling and potential for efficiency gains. To date, CAO has implemented 28 process simplification measures that are expected to result in savings estimated to equal 1 FTE.
40. **Technology.** Leveraging technology and data analytics is fundamental for CAO to achieve its goals to capture and develop knowledge, improve caseload management, and maximize efficiencies in its business processes. In FY22, CAO analyzed the information management requirements needed to support CAO operations. This analysis enabled CAO to develop specific technical requirements for a case management system, a more sophisticated document management system, and integration of CAO's multiple websites and microsites.
41. With the support of the WBG Information and Technology Solutions unit and IFC capital budget resources, during FY23–FY25 CAO will pursue a digital transformation of its operations through the implementation of a case management system, the migration of its documents to a *Sharepoint* platform, and the regularization of its multiple web sites. With the implementation of these initiatives, CAO will centralize and automate its complaints handling process, enable automatic tracking of case data, and enhance its reporting and trend analysis capabilities. These initiatives will also generate efficiencies, reduce the risk of manual errors, and improve collaboration among CAO team members.

WORK PLANNING, MONITORING AND EVALUATION

42. **Work Planning.** To operationalize the strategic priorities and enable monitoring and reporting, CAO began in FY22 to prepare an annual work plan with detailed descriptions of activities, roles, and time frames for delivery, including best estimates for case work. CAO prepared the work plan using the project management RACI (Responsible, Accountable, Consulted and Informed) methodology and *Smartsheet* software. Starting in FY23, CAO's will submit its annual work plan along with its budget request for the upcoming year to the Boards.
43. **Monitoring Framework.** Ongoing monitoring will be important to assess CAO's progress toward achieving its strategic priorities as well as the effectiveness of the actions supporting each strategic priority. Monitoring will be particularly relevant given residual uncertainty regarding contextual factors affecting CAO operations that are beyond CAO's control, and limited experience in implementing the new CAO Policy. Adaptive management, including learning and adjusting priorities and resources, will be necessary. For this purpose, CAO has designed a Monitoring Framework with three main areas of focus (see figure 3).

FIGURE 3. FOCUS AREAS FOR MONITORING FRAMEWORK



44. The productivity indicators will inform CAO's progress in achieving its work plan and managing the case backlog. Efficiency indicators will serve to track progress toward policy timelines and measures implemented to improve resource management and efficiency. Effectiveness indicators will measure CAO's success in achieving its mandate in facilitating access to remedy for project-affected people and positively impacting the environmental and social performance of IFC/MIGA operations.

APPENDIXES

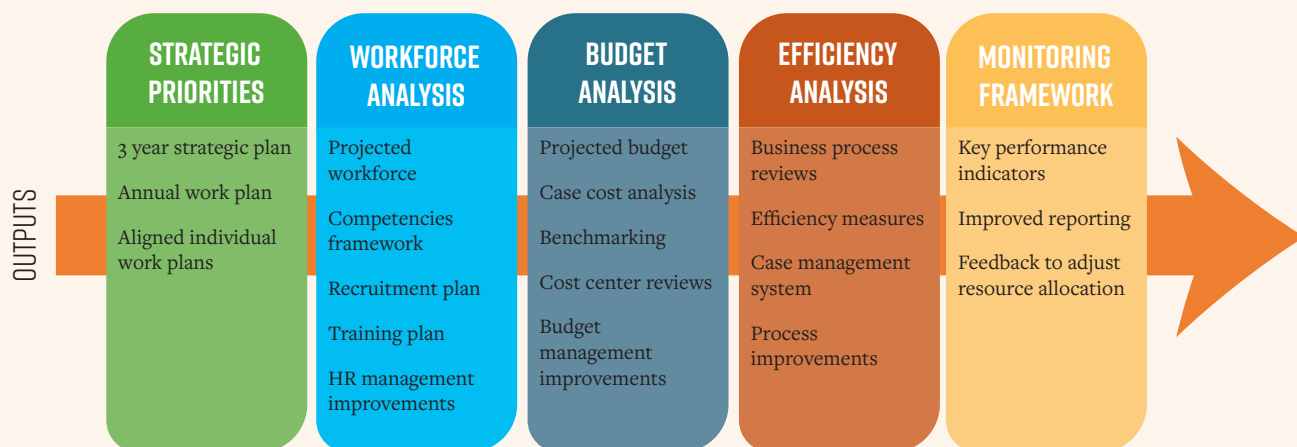


APPENDIX A –

CAO'S STRATEGIC PLANNING PROCESS

CAO's strategic planning process involved five interlinked initiatives, as shown in figure A.1: (1) setting of strategic priorities; (2) workforce analysis; (3) budget analysis; (4) efficiency analysis; and (5) the development of a monitoring framework. The process involved consultation with key stakeholders, and workshops with CAO personnel and CAO's Strategic Advisors Group. This process was also closely coordinated with IFC's Human Resources and Budget departments.

FIGURE A.1. CAO'S STRATEGIC PLANNING PROCESS AND RELATED OUTPUTS

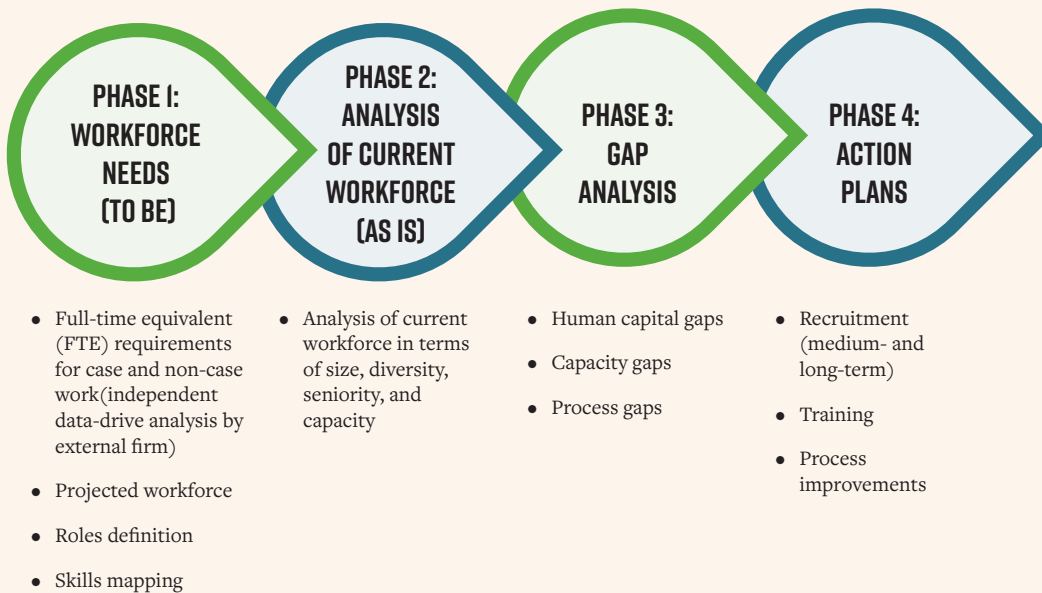


Note: HR = human resources.

APPENDIX B – WORKFORCE PLANNING METHODOLOGY AND ASSUMPTIONS

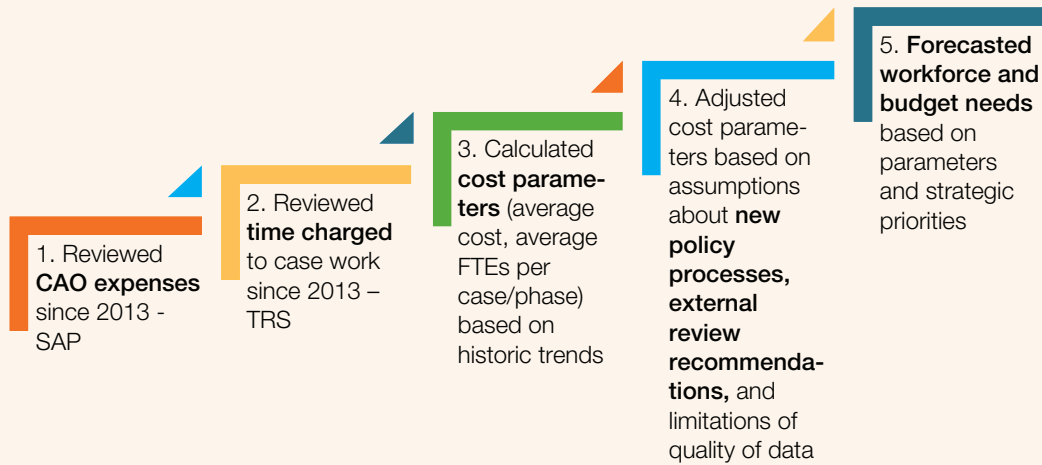
CAO'S workforce planning exercise projected the workforce needed based on the strategic priorities and compared it to current workforce. A gap analysis supported the prioritization of interventions and the definition of an action plan, as shown in figure B.1.

FIGURE B.1. CAO WORKFORCE PLAN METHODOLOGY AND OUTPUTS



Projected full-time equivalent (FTE) requirements were calculated through the analysis of historic data about time and expenses and specific assumptions described in figure B.2.

FIGURE B.2. METHODOLOGY FOR THE CALCULATION OF FTE REQUIREMENTS



Note: FTE = full-time equivalents; SAP = Systems, Applications and Products; TRS = Time Recording System.

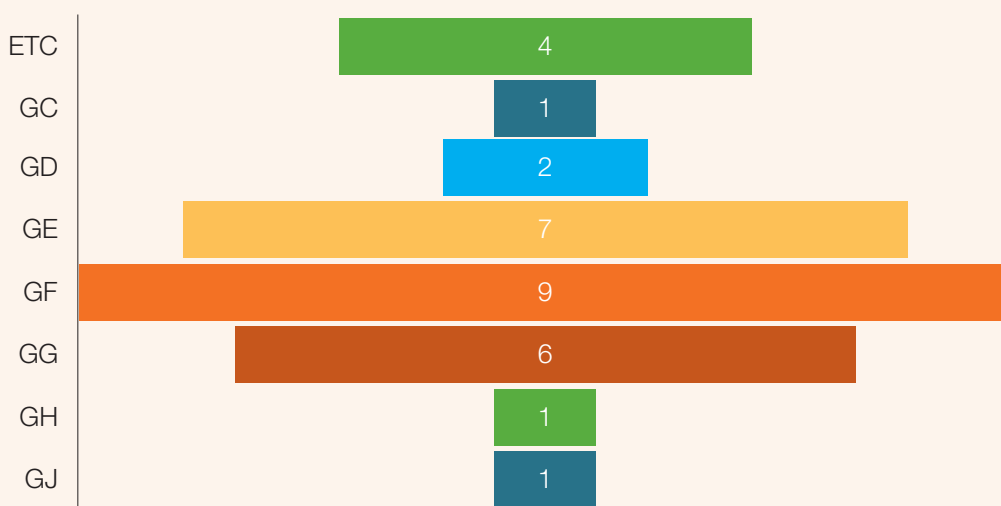
The analysis used the following assumptions:

- Baseline adjustment of +30 percent to parameters to account for missing case-work hours in Time Recording System (TRS).
- Adjustment of +70 percent to case parameters (time and cost) for Compliance and Dispute Resolution to incorporate new policy processes requirements analysis.
- Approximately three years needed to reduce backlog.
- Approximately three years needed to achieve policy timelines.

APPENDIX C – CAO'S WORKFORCE PROFILE

As of March 31, 2022, CAO's workforce was composed of 31 full-time equivalents (27 staff and 4 extended term consultants, ETCs) (figure C.1). CAO's workforce is mainly concentrated in mid-level grades, with 50 percent of the staff positions at specialist (GF) and analyst levels (GE).

FIGURE C.1. WORKFORCE DISTRIBUTION BY GRADE



Note: ETC = extended term consultant; GA-GD = administrative level; GE = analyst level; GF = specialist level; GG = senior technical specialist and manager; GH-GJ = managerial.

CAO's workforce is generally diverse in terms of nationality, with a significant majority of employees from the Americas (41 percent) (figure C.2). The workforce is mainly composed of female employees, resulting in a gender balance index of 0.621. Currently, CAO exceeds the IFC targets, with the percentage of GG female technical and managerial staff at 71 percent and GE females from the Sub-Saharan Africa region at 18.2 percent (figure C.3).

FIGURE C.2. WORKFORCE DISTRIBUTION BY REGION

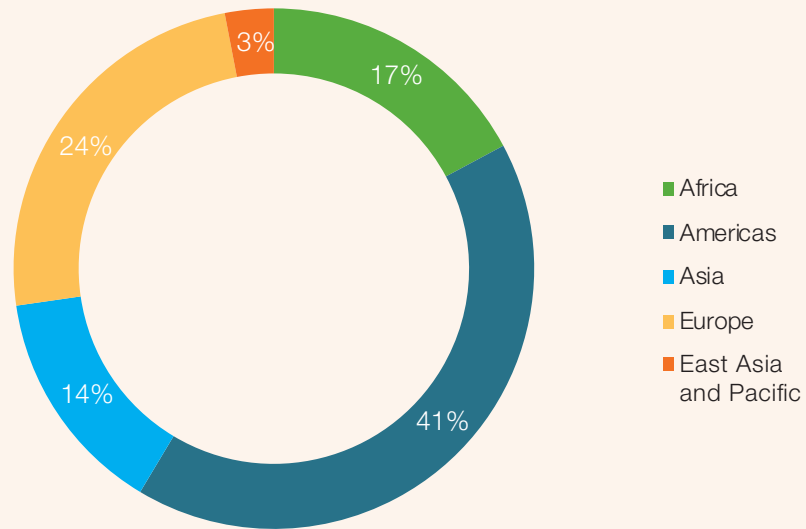


FIGURE C.3. OVERALL WORKFORCE DISTRIBUTION BY GENDER

