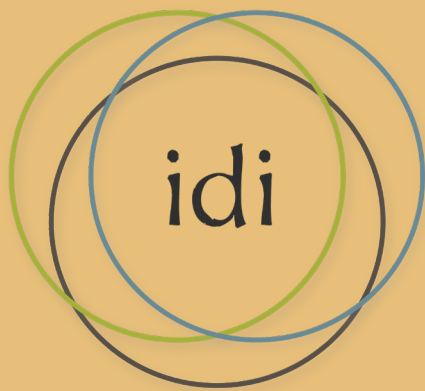


# ANNUAL REPORT



inclusive  
development  
international

2018

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# LETTER FROM THE FOUNDERS

Three years ago, we had a big idea. If we could help communities threatened by harmful mining, energy and agribusiness projects follow the money to the big banks, investors and consumer brands behind those investments, together we could hold entire investment and supply chains accountable. We could help communities displaced by these irresponsible investments — from the rainforests of Borneo to the banks of the Congo river — seize upon points of financial leverage so they could fight for their rights on a more level playing field. And better yet, instead of being held hostage to corporate decision-making in New York and Shanghai boardrooms, they could make their own development decisions in a way that would preserve their environments and benefit them and future generations.

We bought subscriptions to Wall Street databases, recruited a team of investigators, and expanded our legal team to work with communities on the ground. And we got to work.

Three years on, we have mapped more than 70 harmful projects across Asia and Africa, opening up new advocacy opportunities for hundreds of communities in 13 countries. We've uncovered the commercial banks, institutional investors and corporate buyers backing these projects, which account for one in four Fortune 500 companies.

We've had the privilege of working shoulder to shoulder with brave local advocates who, in the face of increasingly emboldened autocratic regimes, are risking their liberty and their lives to resist coal plants, goldmines and monocrop plantations that threaten their communities and ecosystems. We've helped them develop international advocacy strategies based on our investment chain research and analysis. Armed with this newfound knowledge, affected communities from Liberia to the Philippines are pursuing new pathways to justice, and rights-abusing companies are being held to account.

Yet the stakes have never been higher for this fight.

More than ever, the corporate thirst for profit is having devastating consequences for vulnerable communities and their environs throughout the developing world. Taking advantage of the increasingly authoritarian and corrupt governments of many of the world's poorest yet resource-rich countries, multinational companies are violating international norms with impunity. 2018 was the deadliest year on record for human rights defenders,

with at least 321 activists murdered and hundreds more detained or disappeared, most often for their efforts to protect their communities and environment from unscrupulous extractive industries.

Meanwhile, we got a terrifying wake-up call from the UN Intergovernmental Panel on Climate Change, which warned us that we need to halve global CO2 emissions within the next twelve years or else our planet will barrel towards a climate catastrophe.

At Inclusive Development International, this motivated us to do more and do it better. We have scaled up our work supporting grassroots corporate accountability struggles and are prioritizing support to local campaigns against new fossil fuel projects that imperil the planet. We hired four new staff, opened a new West Africa office in Dakar, and doubled our caseload. And we developed a new strategic plan aimed at scaling our work and expanding our impact over the next three years.

We have no illusions about the enormity of the task at hand. But we believe in the power of our model to bolster local struggles and change corporate behavior. And we're inspired to be part of a growing global movement for corporate accountability and rights-respecting development. It is through the strength of that movement that we will bend the arc of history back toward justice.

- David Pred and Natalie Bugalski, Co-Founders



# 2018 HIGHLIGHTS

1

**Our financial research opened the door to new advocacy opportunities for dozens of vulnerable communities in nine countries, from Kenya to Vietnam:** Upon request, we mapped and analyzed the investment chains of 35 harmful mines, plantations and infrastructure projects in Asia, Africa and the Middle East and identified new pressure points for international advocacy. We provided this information to the affected communities and their local allies so they could more effectively challenge the projects impacting their lives and defend their rights with a powerful new set of advocacy tools.

2

**Indigenous communities in Cambodia took a big leap toward winning back their sacred lands:** The Vietnamese agribusiness giant Hoang Anh Gia Lai (HAGL) agreed to return 20 sacred mountains to twelve indigenous communities in Cambodia following the conclusion of a joint land demarcation process that resulted from a complaint we assisted the communities to file to the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation (IFC). A final decision on the return of the land is set to be made by the Cambodian Agriculture Ministry in 2019. The communities have been resisting this land grab since the government unlawfully granted their ancestral lands to HAGL to develop large-scale rubber plantations in the late 2000s. Inclusive Development International has been supporting the communities, alongside Cambodian partners, in the CAO grievance redress process and investor advocacy since 2014.

3

**The first ever community-company mediation in Guinea kicked off:** We supported an artisanal mining community in Guinea through more than 100 hours of mediation with AngloGold Ashanti, the world's third largest gold mining company. In 2015, the community was violently displaced to make way for the company's open-pit goldmine. We helped the community seize on financial links between the gold mining operation and the IFC by filing a formal complaint to its accountability mechanism. For the first time, company executives sat across from community representatives to listen to the impacts that the displacement has had on almost every aspect their lives and work together to develop a remedial action plan. By the end of 2018, we secured the first commitment from the company to restore the community's access to water.

4

**The Ban Chaung community in Myanmar stopped the development of a coalmine in their village:** A planned coalmine in eastern Myanmar was suspended and the mining permit withdrawn from the Thai developer as a result of local opposition and international advocacy, including a [complaint](#) that we supported affected communities to file with the Thai Human Rights Commission. This marked a [huge victory](#) for the communities. If fully developed, the mine would have threatened the land and resources of 16,000 people in a delicate post-conflict region.

5

**A landmark class action lawsuit was filed against a Thai sugar giant:** A Thai court accepted a [pioneering lawsuit](#), filed with our support, by plaintiffs representing more than 700 Cambodian farming families who were forcibly displaced by Asia's largest sugar producer, Mitr Phol. The extraterritorial class action lawsuit opens up a promising legal front in one of Cambodia's most egregious land grabs. Inclusive Development International helped the families gain leverage by exposing the Thai company's buyers, including Nestle, Coca-Cola, PepsiCo, and Mars, which are all members of the sugar industry's sustainability certification body, Bonsucro. Following the lawsuit, Coca-Cola and PepsiCo announced that they had stopped sourcing sugar from Mitr Phol.

6

**ANZ bank was taken to task by Australian government body over financing Cambodian sugar land grab:** Australian bank ANZ will consider compensating hundreds of families who were forcibly evicted from their farms to make way for a sugar plantation partially financed by the bank, the CEO [told](#) a parliamentary committee in October. The comments followed a rare [rebuttal](#) of the bank by the Australian OECD National Contact Point, a government body, in response to a complaint filed by Inclusive Development International and Equitable Cambodia. The Australian National Contact Point agreed with our complaint that ANZ should have known about the risks of financing the sugar company and recommended that the bank strengthen and improve compliance with its human rights due diligence procedures. It also recommended that ANZ establish a grievance mechanism for complainants. While the National Contact Point unfortunately stopped short of calling upon the bank to provide redress to the victims in this case, CEO Shayne Elliot affirmed at ANZ's AGM in December 2018 that the bank would consider compensation pending



the outcome of a government-led resolution process.

**7 An indigenous land rights defender was freed from Ethiopian prison:** Pastor Omot Agwa of Ethiopia was [released](#) from prison in April after more than three years in detention. We had been working with a coalition of concerned organizations to free Pastor Omot since he was first detained in 2015. The pastor had worked as an interpreter for the World Bank Inspection Panel during its investigation of a complaint that we filed to the Panel on behalf of Anuak refugees in South Sudan and Kenya who were forcibly displaced in connection with a World Bank-supported development program. While the investigation helped bring a halt to the Ethiopian government's forced "villagization" program, just a week after the Panel's report was released, Pastor Omot began to face threats from Ethiopian security officials. He was arrested on his way to a food security conference in March 2015 and detained without charge for months before being falsely charged under the country's anti-terrorism legislation. We are thrilled that he is free and safe today.

**8 The International Finance Corporation announced a "Green Equity" strategy to end its hidden backing of coal:** In April 2018, we released the sixth installment of our Outsourcing Development series exposing the IFC's hidden investments in some of the most destructive projects in the world. The IFC's investments in so-called "financial intermediaries" — commercial banks and private equity funds — were worth some \$6.4 billion in 2018, but the IFC paid little attention to where its money ended up. Our exposé, [Broken Promises](#), tells the story of the IFC's investment in a Philippine commercial bank that went on to provide financial backing for 19 new and expanded coal projects across the country, despite the Philippines being one of the most vulnerable countries to climate change. Based on our financial research, we worked with the Philippines Movement for Climate Justice to file the first ever climate change complaint against the IFC for its indirect backing of the coal plants. The work has had a direct impact on the IFC's approach to financial intermediary investments, especially with respect to coal. At its Annual Meeting, the IFC [announced](#) a new "Green Equity Strategy" to coax current and prospective commercial banking clients away from coal and increase their investments in renewable energy. If approved by the World Bank's board of directors, the new policy will help put the final nails in the

coffin of coal finance.

**9 The Asian Infrastructure Investment Bank adopted an independent accountability mechanism:** The accountability mechanisms of development finance institutions are among the most important global instruments for bringing about corporate accountability. When the China-initiated Asian Infrastructure Investment Bank (AIIB) was established, there was concern among civil society that the new multilateral development agency would fund harmful investment projects without providing any meaningful recourse to affected communities. Inclusive Development International worked with a core group of international partners to make the case to the China-led bank for strong accountability for its environmental and social impacts. We developed detailed guidance for the AIIB on international best practices in accountability. The new "Project-affected Peoples' Mechanism" was approved by the board in December 2018. While gaps and concerns remain, it is an improvement over the first iteration proposed by the bank and will have similar powers and functions to independent accountability mechanisms at other development finance institutions. The new [mechanism](#) allows communities facing harms from an AIIB-backed project to file formal complaints and to request a facilitated mediation or investigation of alleged harms and the project's compliance with AIIB's social and environmental policy.

**10 World Bank loses its absolute immunity:** In February 2019, the United States Supreme Court ended the World Bank Group's claim to absolute immunity in a landmark decision in the *Jam et al. v. International Finance Corporation* case brought by fishing communities in India and their lawyers at EarthRights International. The 7-1 ruling was hailed by Inclusive Development International and our partners around the world who are working to support communities to defend their rights in the face of harmful projects financed by the World Bank and other multilateral institutions. As we argued in the joint amicus brief we submitted to the court prior to oral arguments in August, ending the bank's legal impunity for negligent actions that contribute to harms will help avoid such actions in the future and incentivize the Bank to make its independent accountability mechanisms — the Inspection Panel and the Compliance Advisor Ombudsman — more effective at providing communities with meaningful remedies when they are harmed.

# ABOUT US

## OUR MISSION

Inclusive Development International works to advance social, economic and environmental justice by supporting communities around the world to defend their land, environment and human rights in the face of harmful investment projects. Through research, casework and policy advocacy, we hold corporations, financial institutions and development agencies accountable to their human rights and environmental responsibilities and work to promote a more just and equitable international economic system.

## OUR HISTORY

Every year, millions of people are forcibly driven from their lands, homes and farms to make way for oil and gas pipelines, hydropower dams, high-end real estate development, large-scale plantations, and other mega-investment projects. These projects are often touted as “development,” but in practice, they provide few local benefits, while exacting a devastating toll on the well-being of affected communities and their environments. Countless livelihoods have been destroyed, along with the natural resources that underpin them, impoverishing communities for generations to come and causing a breakdown in social networks and cultures. Human rights defenders who dare to resist these projects have faced criminalization and repression.

The global financial system is fueling this crisis with its relentless pursuit of new resources and markets. As capital becomes more interconnected, communities are excluded from the investment decisions that affect them and then face further marginalization when they are forced to shoulder the costs.

Inclusive Development International was launched to fight back.

We have been deeply inspired by people who have risked their lives and liberty resisting displacement and other human rights abuses caused by unjust development, unbridled corporate greed and unchecked power. We have witnessed the destruction of entire communi-

ties whose struggles have become our own, but we have also seen how the world’s most powerful corporations can be held accountable by organized communities engaged in persistent, smart and strategic advocacy.

We founded Inclusive Development International in 2012 in order to bring new resources and strategies to support those fighting on the front lines for just and inclusive development.

Together with our local partners in Southeast Asia and Africa, we have campaigned to halt land grabs and obtain remedies after the fact in cases many believed “impossible” to win. We have led global civil society efforts to strengthen the World Bank’s safeguard policies on resettlement and land tenure and to reform its unaccountable financial intermediary lending model. We’ve developed a suite of resources to bring new information and tools to civil society and communities. And we’ve pioneered a new approach to investment and supply chain analysis to enhance the effectiveness of community-led advocacy.

In 2018, Inclusive Development International became an independent 501c3 organization after six years of fiscal sponsorship by Social and Environmental Entrepreneurs. Today we have a global team of 13 dedicated staff, working from three offices in Southeast Asia, West Africa and the United States, and 11 board members.

# OUR APPROACH

Behind many harmful investment projects is an invisible web of actors, including multinational corporations and their subsidiaries, commodity traders and buyers, private equity and debt investors, and development finance institutions. Many are bound by rules that require them to do no harm and respect human rights and the environment. Others are global brands that care about their reputation and profess to be responsible corporate citizens. Yet because of the opaque nature of international financial flows and supply chains, communities are unable to devise advocacy strategies that seize upon these critical points of leverage to defend their rights.

The cornerstone of our approach is unravelling and exposing the investment and supply chains behind these projects. Upon request from community advocates, our researchers use the financial sector's own technol-

ogy and tools to follow the money, identify pressure points for advocacy, and place this information in the hands of those whose lives depend on it.

We then work with communities over the long haul to prevent harms and secure redress by leveraging pressure points through sustained, multi-pronged, and evidence-based advocacy strategies. In doing so, we seek to increase the financial and reputational costs for investors that enable and profit from human rights abuses and environmental destruction, creating a powerful deterrent for irresponsible investment.

At the same time, we develop tools and resources to help strengthen the movement for corporate accountability, and we campaign at the policy level to change the way financial institutions and multinational corporations do business.

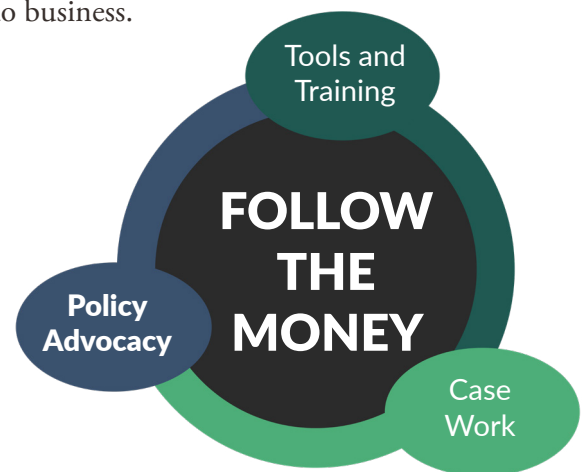
## OUR TEAM

### Staff

David Pred - Co-Founder & Executive Director  
Natalie Bugalski, PhD - Co-founder & Legal Director  
Dustin Roasa - Research and Communications Director  
Mark Grimsditch - China Global Program Director  
Mathilde Chiffert - West and Central Africa Legal Coordinator  
Mariama Barry - Guinea Consultant  
Craig Bradshaw - Southeast Asia Legal Coordinator  
George Cooper - Senior Attorney, Mekong Region  
Luis Scungio - Southeast Asia Research Associate  
Coleen Scott - Researcher  
Jeannine Guthrie - Communications & Development Coordinator  
Christine Thoemke - Administrative Coordinator  
Ari Schantz - Finance Officer

### 2018 Interns

Louie Edelstein  
Kayli Nichols  
Jennifer Barnes  
Sydney Nazloo



### Board of Directors

David Pred - President  
Mark Gibney - Chair of The Board  
Joanne Bauer - Vice Chair of The Board  
Elizabeth Porter - Treasurer  
Anna Demant - Secretary  
Bobbie Sta. Maria - Director  
Rob Lake - Director  
Jean Du Plessis - Director  
Kate Geary - Director  
Bruce Shoemaker - Director  
Eleanor Loudon - Director



# CASE WORK:

## SUPPORTING COMMUNITIES TO PREVENT HARMFUL PROJECTS AND SECURE REDRESS





# FOLLOWING THE MONEY TO JUSTICE

At Inclusive Development International, case work begins with following the money. Upon request from community advocates, we map and analyze the investment and supply chains of harmful projects and we offer advice on how to use that information in advocacy to challenge those projects.

We launched our Follow the Money Initiative as a pilot in the Mekong Region in 2016. Three years later, we have seen demand for our research grow steadily. We have expanded our geographical scope beyond the Mekong to include all of Southeast Asia, Sub-Saharan Africa and the Middle East. And local advocates and communities are putting our findings to use in defending their rights.

In 2018, we conducted “deep-dive” investment chain mapping and analysis of 35 harmful projects. Our investigations, which take about a month to complete, involve the use of specialized Wall Street databases and the close reading of financial disclosures and trade data. Our researchers methodically unpack a harmful project’s investment chain, uncovering the investors, banks and buyers that make it possible. Using this information, we conduct a pressure point analysis to determine the most promising targets for advocacy and engagement. We then deliver this information to the affected communities and their local supporters, often in person in their villages.

This year, our findings opened up dozens of new advocacy possibilities for affected people, including at least 15 opportunities to file complaints to international accountability mechanisms. In many cases, partners are already putting this information to use, increasing the chances for successful outcomes.

**In 2018, key investigations we completed included:**

**Inga 3 hydropower dam, Democratic Republic of Congo:** This planned 12-gigawatt project on the Congo River, which is being developed by a consortium of Spanish and Chinese companies, threatens to displace more than 30,000 people, harm the livelihoods of thousands more, and plunge the DRC deeper into debt. The dam will supply electricity to South Africa and domestic mining companies without meaningfully increasing energy access for the

## BY THE NUMBERS: THREE YEARS OF FOLLOW THE MONEY



Number of full investment chain investigations completed:

56



Number of targeted, or limited, investigations completed:

21



Number of Fortune 500 companies uncovered in our research:

1 in 4



Number of countries where we have mapped projects:

18



people of power-starved DRC.

**Coal-fired power expansion, the Philippines:** The island nation is dramatically expanding its coal-fired power capacity, despite being one of the world's most vulnerable countries to climate change. The IFC, along with dozens of North American and European asset managers and commercial banks, some with stringent coal policies, are backing 19 new coal plants or expansions of existing ones.

**Palm oil sector, Liberia:** Four agribusiness giants from Indonesia, Malaysia and Singapore have been granted nearly 8% of Liberia's land area to develop industrial-scale oil palm plantations that will feed their global supply chains. These plantations have caused deforestation, loss of livelihoods and forced displacement. Critics of the plantations have faced intimidation, violence and arrest.

**Lamu coal-fired power plant, Kenya:** This proposed plant, backed by Kenyan, U.S. and Chinese companies, is being developed near Lamu Old Town, a UNESCO World Heritage site. The 1,050-megawatt project is expected to displace local people, destroy marine life and biodiversity, and increase Kenya's carbon emissions by a staggering 700%. Our research uncovered several hidden links to the IFC, en-

abling community advocates to file a complaint to the IFC's Compliance Advisor Ombudsman.

**Lake Albert Oil Project, Uganda:** French, Chinese and British multinationals are set to drill for oil on the Lake Albert basin, home to critical biodiversity and endangered species, marginalized communities, and important tributaries of the Nile River. The oil companies are seeking financing from commercial banks to build a 1,444-kilometer pipeline that will stretch across Lake Victoria to the Tanzanian coast, displacing thousands of people along the route.

**Astron Niafrang Mineral Sands Mine, Senegal:** An Australian-Hong Kong company plans to mine zircon, ilmenite, and rutile in southern Senegal for use in industrial production. The mine poses significant environmental and social risks to the local population, including the potential disruption of a delicate ceasefire between the Senegalese government and separatist forces in the region.

**Nordgold SMD, Guinea:** This gold mine, ultimately owned by one of Russia's wealthiest people, was the site of a cyanide spill in 2015 that harmed a local village. The company is building another cyanide storage pond just 250 meters from a second village.



**UN Pension Fund investments in the Palestinian Occupied Territory:** The United Nations Joint Staff Pension Fund manages more than \$60 billion of assets on behalf of UN employees. Our research uncovered holdings in a

number of companies doing business in the occupied Palestinian territories, in violation of international humanitarian law.

# SUSTAINED CASE ADVOCACY

**In select cases, we support our local partners in executing their advocacy strategies. This may include assisting communities in collecting evidence; engaging investors and buyers; preparing complaints to a range of international accountability mechanisms, including litigation where appropriate; conducting consumer and shareholder advocacy; and entering into mediations with companies and other key actors to address violations and prevent future harms. In 2018, we accompanied communities in their quest for justice in nine cases.**





## GUINEA

### AngloGold Ashanti Gold Mine

Along with our partners CECIDE and MDT, we are supporting a community in northern Guinea that was forcibly displaced to make way for the expansion of the Siguiri gold mine, owned by South African mining giant AngloGold Ashanti. In April 2017, we assisted the community to file a formal complaint against the IFC for indirectly financing the mine through its general corporate loan to Nedbank, a principle financier of the mining company. The complaint and our advocacy with the company's shareholders and lenders helped to bring AngloGold to the table in the first ever community-company independent mediation process to take place in Guinea, under the auspices of the IFC's Compliance Advisor Ombudsman (CAO). In 2018, we conducted intensive training for community representatives to prepare them for the mediations and accompanied them in 100 hours of dialogue with company executives. By the end of the year, we reached a first agreement to fix the broken water system at the resettlement site. [Read more](#)

### Compagnie des Bauxites de Guinée (CBG)

Along with our partners CECIDE and ADREMGU, we conducted a rapid human rights impact assessment in 13 villages affected by Compagnie des Bauxites de Guinée (CBG), one of the world's largest bauxite mines located in Boke, Guinea. CBG is majority owned by a joint venture of Alcoa and Rio Tinto and financed by the IFC, the US Overseas Private Investment Corporation (OPIC), the German government and a consortium of French and Dutch banks. Building on research published by Human Rights Watch, our team documented widespread environmental and human rights impacts caused by the mine's forty-year history of land grabbing and destruction of water resources and biodiversity. In July 2018, we held a workshop with members of the 13 communities to inform them of their rights and the company's contractual obligations under the IFC Performance Standards. More than 500 people signed a letter requesting that we assist them in filing a complaint to the CAO. [Read more](#)

## DEMOCRATIC REPUBLIC OF CONGO

### Inga 3 Dam

We are supporting the [campaign](#) of a coalition of Congolese civil society organizations to fight the development of the Inga 3 mega-dam on the Congo river. Inga 3 is part of the larger Grand Inga scheme, which, if completed, will be the largest hydropower project in the world. The dam is expected to cause displacement of more than 30,000 people, the loss of livelihoods and food security for thousands of others, and damage to biodiversity and marine life. It is also expected to create a significant amount of long-term public debt for the DRC, one of the world's poorest countries, without considerably improving access to electricity for the more than 90% of the population that currently lack it. In 2018, we supported the coalition to develop an international advocacy strategy to complement their efforts in Kinshasa and began taking steps to execute it.

## UGANDA

### Lake Albert Oil

The [East Africa Crude Oil Pipeline](#) is being developed as part of a push to open oil fields around Uganda's Lake Albert to international markets, linking them with the port of Tanga in Tanzania. At 1,443 kilometers it will be the longest heated pipeline in the world. The risks of these oil projects include displacement of entire communities in the oil extraction zone and pipeline corridor, impacting up to 14,500 farms in the Tanzanian stretch of the pipeline corridor alone; risks to fresh water sources including Lake Victoria, which supports the livelihoods of more than 30 million people in the region; severe degradation of habitats of African elephants, eastern chimpanzees and lions; and making a significant contribution to global warming. The project is also being developed in a political climate in which human rights defenders and journalists expressing criticism of the project and associated facilities face harassment and threats of retaliation. We have provided investment chain research, strategic advice and support to Ugandan CSOs to share their concerns with key project actors.

## PHILIPPINES

### Climate Change and IFC Lending

We are supporting the Philippines Movement for Climate Justice (PMCJ), a coalition of over 100 grassroots climate action groups in the Philippines, in their efforts to halt the rapid expansion of the country's coal-fired power industry. The Philippines is one of the world's most vulnerable nations to climate change and building more coal plants is reckless and unnecessary in a country with vast renewable potential. In October 2017, we assisted PMCJ to file a historic formal complaint against the IFC for its contribution to climate change through its indirect bankrolling of the country's recent coal boom. The [complaint](#) was complex and innovative, involving multiple financial relationships, policies, projects and communities. It was based on research that Inclusive Development International conducted, linking the IFC to nineteen new coal projects. In 2018, the CAO found the complaint eligible and conducted the assessment phase of its process. We also released a new report about this case, [Broken Promises: The World Bank, International Investors and the Fight for Climate Justice in the Philippines](#). [Read More](#)

## MYANMAR

### Community Resists Ban Chung Coal Mine

The Ban Chaung open-pit coal mine in the Tanintharyi Region of Myanmar was suspended as a result of local opposition and international advocacy, including a complaint to the Thai Human Rights Commission, which we supported the community to file in 2017. If fully developed, the mine, backed by Thai investors, would have threatened the land and resources of thousands of local people. The suspension marked a huge victory for the communities. [Read more](#)

## CAMBODIA

### Hoang Anh Gia Lai Rubber Plantations

We continued our work alongside local partners Equitable Cambodia and Highlanders Association to support 12 indigenous villages whose lands were seized and resources destroyed by the Vietnamese agribusiness company Hoang Anh Gia Lai (HAGL) to make way for vast industrial rubber plantations. Since assisting the communities to file a complaint to the CAO in 2014, we have accompanied them in a lengthy mediation process with the company. The mediations led to an unprecedented multi-stakeholder land demarcation process in 2018, after which the company agreed to return 20 spirit mountains that are sacred to the communities. The demarcation process identified many other areas that belong to the communities, which HAGL did not agree to return. The status of this land will be decided by the Cambodian government following a recommendation by the provincial governor expected in mid-2019. [Read more](#)

### Mitr Phol

We supported Cambodian plaintiffs to file a pioneering transnational class-action lawsuit in the Thai courts against Thai sugar giant Mitr Phol on behalf of more than 700 families who were displaced in one of Cambodia's most egregious land grabs ten years ago. We helped the families gain leverage by exposing the company's major buyers, which are members of the sugar industry's sustainability initiative, Bonsucro. Following the lawsuit, Coca-Cola and PepsiCo told Inclusive Development International that they had ceased sourcing from Mitr Phol. [Read more](#)

### Phnom Penh Sugar

We continue to support communities in Cambodia's Kampong Speu province to demand justice from Phnom Penh Sugar Company, which is responsible for military-backed land seizures and forced evictions, child labor and other abuses. In 2018, the Australian National Contract for the OECD Guidelines on Multinational Enterprises issued a critical final statement on the complaint that we filed with Equitable Cambodia against ANZ Bank for its financing of the sugar company. The National Contact Point called on the bank to strengthen and implement its human rights due diligence procedures and establish a grievance mechanism that is accessible to communities affected by its business lending. The report was covered widely in the Australian media and was the subject of questioning by senators during a parliamentary hearing in October 2018 with ANZ CEO Shayne Elliot. The CEO told senators and then reaffirmed at ANZ's AGM in December 2018 that the bank would consider compensating the communities pending the outcome of a government-led resolution process. [Read more](#)



# FEATURE CASE

## SIGUIRI GOLD MINE, GUINEA

In 2013, a Guinean subsidiary of South African gold mining giant AngloGold Ashanti announced that it needed to expand its mining operation in the Siguiri region into a cluster of villages that it called “Area One”. The 365 affected families, however, did not agree to the resettlement terms that the company offered. In early 2015, the company issued a memorandum requesting that the Guinean government “make Area One available” within three months or it would shut down all its operations in the country.

The government heeded the message. First local authorities arrested eleven community negotiators. That was followed by an influx of state security forces into the area, including the beret rouges, who are notorious in Guinea for their poor human rights record. The residents described it as a hostage situation for the community. The security forces looted their businesses. They used tear gas inside people’s homes, beating their occupants and setting huts on fire. People were arrested and shot. Hundreds of people fled the area and slept in the bush. The official reason for the presence of security forces was to oust foreign illegal gold miners. But the real reason was clear to the community: to oust the residents of Area One. The company turned up to conduct its resettlement inventory in December 2015 with soldiers by their side. One by one, the residents were forced to participate and sign the inventory summary that was handed to them. Some said they were told directly if they didn’t sign they would die.

In 2016, the families’ homes and orchards were bulldozed and they were moved to a resettlement site that lacked water, trees, access to schools and health care, and means to make a living.

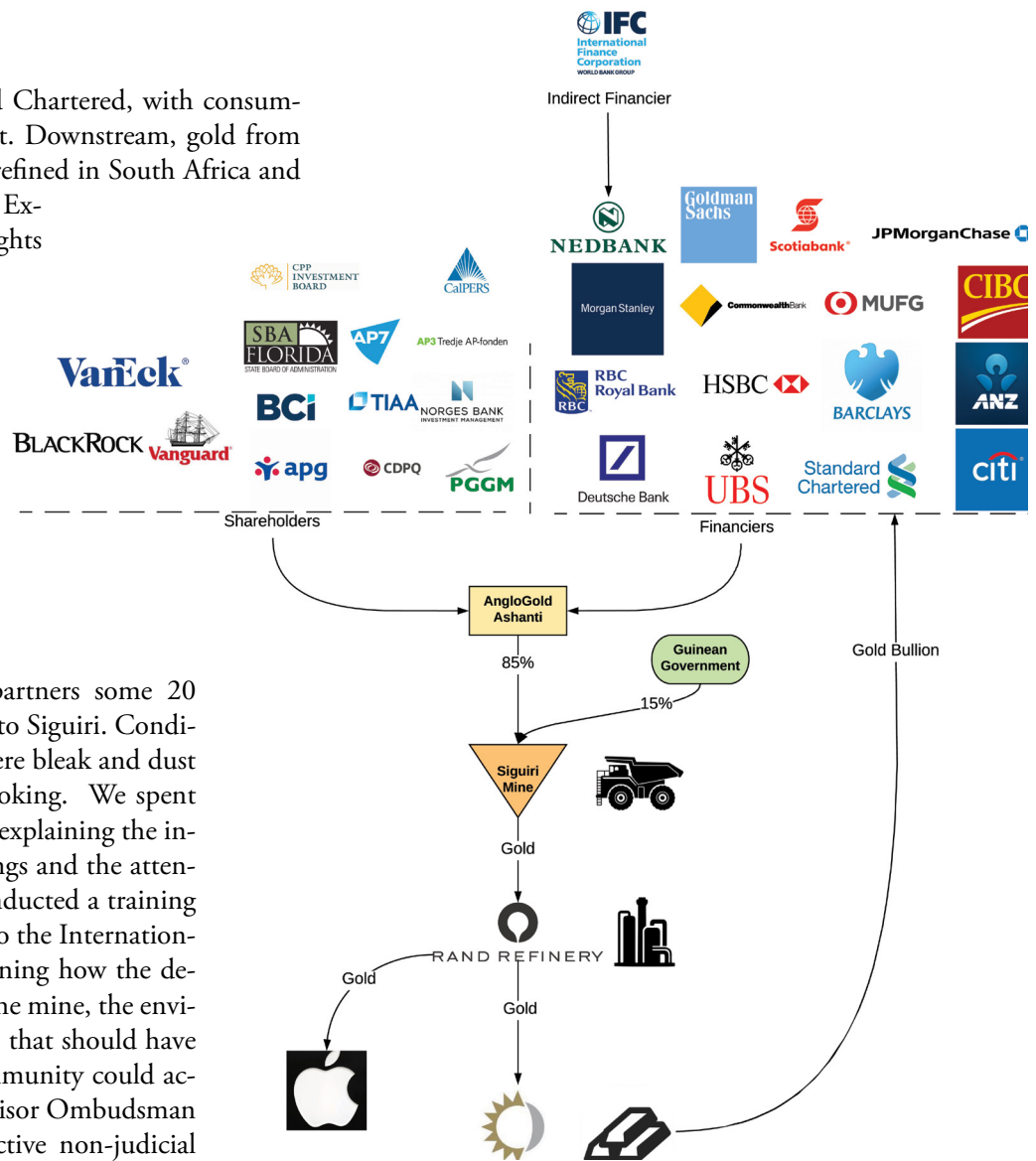
Soon afterwards, a Guinean human rights organization supporting the community requested Inclusive Development International’s assistance to conduct investment chain mapping of the gold mine and provide advocacy advice so the displaced community could more effectively seek redress and demand their rights.

### Following the money

We followed the money and the gold from the Siguiri mine and identified links to some of the biggest names in global finance, many of which have made commitments to responsible investment.

One of these actors is the World Bank Group’s private-sector arm, the International Finance Corporation, which, along with the African Development Bank, indirectly financed AngloGold Ashanti through a South African commercial bank, Nedbank. A number of large asset managers, including the U.S. giant BlackRock and nearly a dozen pension funds, hold equity stakes in AngloGold Ashanti. AngloGold Ashanti’s financiers also include large commercial banks,

such as Citibank and Standard Chartered, with consumer-facing reputations to protect. Downstream, gold from AngloGold Ashanti's mines is refined in South Africa and traded on the London Bullion Exchange, which has human rights standards for suppliers.



## Sharing crucial information

We travelled with Guinean partners some 20 hours by road from the capital to Siguiri. Conditions at the resettlement site were bleak and dust generated by the mine was choking. We spent two days with the community, explaining the investment chain mapping findings and the attendant advocacy options. We conducted a training using our Community Guide to the International Finance Corporation, explaining how the development bank is exposed to the mine, the environmental and social standards that should have been applied and how the community could access the IFC's Compliance Advisor Ombudsman (CAO), one of the most effective non-judicial grievance mechanisms, to try to seek redress.

## Demanding accountability

The community was enthusiastic about pursuing international advocacy strategies and asked Inclusive Development International for help preparing and filing a complaint to the CAO and engaging with the company's investors and financiers. In April 2017, we filed a complaint to the CAO along with Guinean NGO partners Le Centre du Commerce International pour le Développement (CECIDE) and Les Mêmes Droits Pour Tous (MDT). The CAO found the complaint admissible and began assessing whether it was suitable for mediation or if it should be transferred to its Compliance unit for an investigation.

We wrote to AngloGold Ashanti setting out the community's desire to enter into mediations to remediate the harms they had suffered and to negotiate development benefits from the project. We also engaged with AngloGold Ashanti's investors and financiers, including US investment firm BlackRock, South African, European and

US pension funds, the Norwegian sovereign wealth fund, and a number of major commercial banks that provide financial services to AngloGold. We pointed to each of the institutions' human rights, social and environmental policies and commitments and called on them to use their leverage to urge AngloGold Ashanti to enter into good faith mediations with the community and make every effort to ensure redress. A number of these actors communicated their concerns to the company, which proved critical to getting them to the mediation table and leveling the playing field in a highly asymmetrical power relationship.

Throughout 2018, we accompanied community representatives in over 100 hours of facilitated dialogue with company executives – a powerful and once unthinkable development for a community that had long attempted unsuccessfully to engage with the mining behemoth. The process is currently ongoing, and we are hopeful it will deliver an effective remedy for the Area One community.

# TOOLS AND TRAINING: STRENGTHENING THE CAPABILITIES OF FRONTLINE DEFENDERS

As a complement to our casework, we develop and disseminate tools to inform communities and build the power of social movements and local advocates on the front lines of the fight for just and inclusive development.

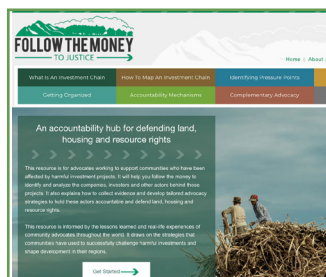
Communities affected by harmful investment projects face formidable barriers to accessing critical information about their rights and avenues for defending those rights. Affected people are often unaware of the identities of the companies, investors, multilateral institutions or even the government actors behind the projects that threaten them, much less the legal and policy obligations that bind those actors. Communities also often lack information about the struggles and successes of other communities, and the range of judicial and non-judicial avenues available to prevent harms and seek redress. In response to this need, we develop practitioner and popular education materials and conduct workshops that aim to inform and empower communities and local advocates so that they are equipped to take on powerful corporate and economic actors and advocate for their rights.



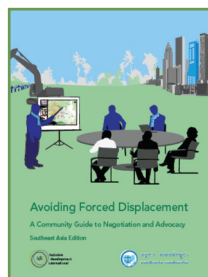


# TOOLS

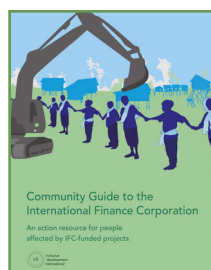
We utilize a range of tools that we have developed to demystify corporations, financial institutions and development banks, and build local capacity to effectively engage these actors and hold them accountable.



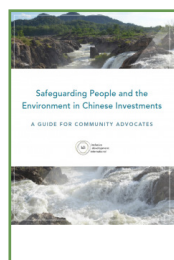
Our [Follow the Money to Justice](#) online resource contains a step-by-step guide for advocates on how to conduct investment chain research and analysis themselves using open data sources and how to design and implement effective, multi-pronged advocacy strategies that seize upon pressure points in investment chains.



Our [Community Guide to Negotiation and Advocacy](#) is an innovative training curriculum on a rights-based approach to negotiation or mediation with corporate actors. It helps communities think strategically about how to negotiate with private companies and aims to address the radical power imbalances in community-company dispute resolution processes by situating negotiation within a broader rights-based advocacy strategy. The Guide uses the Harvard principle of negotiation adapted to real life experiences supporting communities in negotiations in Southeast Asia.



Our [Community Guide to the International Finance Corporation](#) is an action resource for communities affected by projects funded by the private sector arm of the World Bank Group. It is designed to help communities understand their entitlements under IFC's environmental and social Performance Standards with respect to involuntary resettlement and other impacts on their land and natural resources and decide whether they want to file a complaint with the IFC's independent accountability mechanism, the CAO, as a part of their advocacy strategy.



Our local partners are increasingly requesting information on Chinese investors because of their growing prevalence in the investment chains of harmful projects. In response, we are expanding our informational resources on Chinese investors and strategies for influencing them. [Safeguarding People and the Environment in Chinese Investments: A Guide for Community Advocates](#) provides a practical guide to the social and environmental policies, standards and guidelines for Chinese outbound investment, including the Belt and Road Initiative. The guide explains the key actors involved in approving and operationalizing Chinese investment projects and provides practical tips on how to use government-issued guidelines and corporate policies, along with evidence from the ground, in advocacy with Chinese actors and institutions.

We also host the **China-Global-Infoshare listserv**, which provides a forum for active and informed discussion and dissemination of information on China's overseas investment, aid and trade, including strategies for holding Chinese investors accountable. Most of the 180 members are affiliated with civil society organizations, but also include academics, researchers, consultants, activists and writers from around the world. The listserv is very active and averages over 50 posts per month.



# WORKSHOPS

The information in our tools and investment chain research, no matter how valuable, only becomes powerful when we put it in the hands of community advocates prepared to use it to defend their rights. Throughout the year, our team worked with local partners to do just that.

**Follow the Money to Justice** workshops in West Africa and Southeast Asia: In order to raise awareness about our Follow the Money initiative, we host workshops for civil society organizations so they are aware of how our investment and supply chain research might help to bolster their campaigns. In addition to inviting them to submit requests for investment chain mapping of harmful projects, we explain the key concepts behind “following the money,” so local advocates are better equipped to conduct corporate and investor research themselves, using our online resource. In 2018, we organized a national-level Follow the Money workshop in Senegal and contributed to several regional workshops in Southeast Asia, including at the Mekong Legal Advocacy Institute organized by EarthRights International, and the Forest Defenders Conference, organized by Not1More.

**Investment chain analysis workshops in the Philippines, Liberia, DRC and Guinea:** Whenever possible, we travel to meet the community advocates that have requested our research assistance and advice so we can explain our research findings—often involving complex financial relationships—face-to-face and in a way that makes sense to them. In these meetings, we exchange information with local partners and support them to develop advocacy strategies to meet their goals.

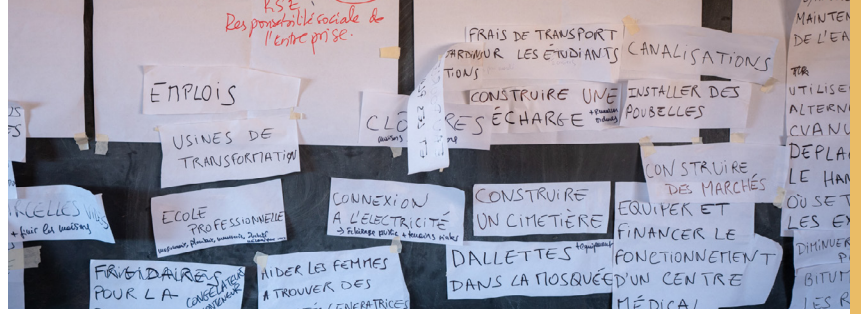
During the year, our team traveled far and wide to share investment chain information. We shared our research on 19 coal mines in the Philippines at a workshop with the Philippines Movement for Climate Justice in Manila. We traveled to Monrovia to disseminate our findings on four palm oil plantations across the country at a workshop convened by the Liberian CSO Oil Palm Working Group and then to a rural village enclosed by the Sime Darby palm oil conces-

sion to share key information with the affected community. We traveled to Dakar for a convening of a coalition of Congolese civil society organizations seeking to challenge the Inga 3 hydropower project to present the project’s investment chain. And we traveled to Boké in western Guinea to meet with representatives of 13 villages affected by a bauxite mining operation to help them develop an international advocacy strategy based on our investor research.

**Negotiation training in Guinea:** In order to prepare the community displaced by AngloGold Ashanti’s goldmine for mediations with the company, we conducted a four-day negotiation training to build the confidence and capacity of community representatives to engage in mediations with company executives on the strongest possible footing. Among other exercises, we analyzed the community’s and company’s interests, conducted a power mapping and analysis and ran a mock mediation, ensuring both men and women had a chance to practice telling their stories and making their case for redress.

**International Workshop on Chinese investment:** With the rapid growth in Chinese outbound investment, communities and civil society advocates across Asia, Africa and Latin America are finding themselves ill-equipped to engage with and influence Chinese-backed mining, agriculture and real estate ventures in their vicinities. In April 2018, we convened a three-day international workshop on Chinese overseas investment, bringing together experts and civil society groups from China and key overseas investment destinations to share experiences and strategies for influencing Chinese companies, banks and state institutions. The exchange of knowledge and experiences was invaluable, generating strong demand for similar regionally-focused workshops in Asia and Africa.







# POLICY ADVOCACY: FIGHTING FOR RIGHTS- RESPECTING DEVELOPMENT

We bring our knowledge –rooted in our experience working hand in hand with communities– to global policy forums where human rights and corporate accountability norms are being developed. Through our policy research and campaigns, we work to advance social, economic and environmental justice by advocating for stronger regulation and accountability within the spheres of transnational business, trade and development finance.

Here we highlight two campaigns that we have helped steer alongside several partners in recent years.





# OUTSOURCING DEVELOPMENT:

## LIFTING THE VEIL ON THE IFC'S HARMFUL FINANCIAL SECTOR INVESTMENTS

In 2016, we launched a campaign in partnership with Bank Information Center Europe, Urgewald, Accountability Counsel, Oxfam and others, that has helped change the way the International Finance Corporation does business. Through painstaking financial research, a series of journalistic-style exposes, and several high-profile complaints to the IFC's accountability mechanism, we shone a light on a troubling new trend in development finance: the outsourcing of public funds to the commercial financial sector.

In the decade since the 2008 financial crisis, the IFC has shifted more than half of its budget, amounting to tens of billions of dollars, to commercial banks and private equity funds. These financial intermediaries then invest the IFC's money onward to projects and companies, with little apparent oversight. This hands-off approach represents a sea change in the development model of the IFC, which historically loaned money directly to companies and projects, allowing direct oversight. Other development finance institutions have eagerly adopted the approach, which allows them to get more money out the door with less due diligence.

We and other organizations that work on accountability began to see this trend appear in our casework. We became aware that the IFC had invested in banks and funds that were backing some of the harmful projects affecting communities we were supporting. These projects didn't meet the IFC's social and environmental Performance Standards, as they are contractually required to, much less alleviate poverty through sustainable development – the World Bank Group's stated aim. But holding the IFC accountable can be difficult, because its role is often concealed behind complex, opaque financial transactions.

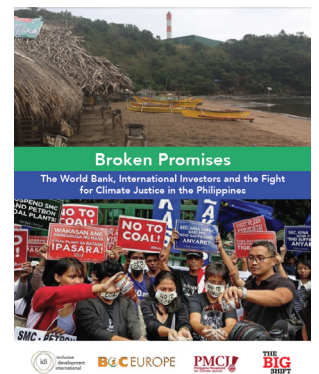
For years, the IFC was dismissive of civil society concerns, because there were only a handful of known cases where these investments had caused harm. We needed a body of evidence to show the IFC – and the public – the scale of the problem. So we started to follow the IFC's money through its financial-sector clients down to end users. Through careful research, we uncovered more than 160 instances in which the IFC had channeled money to companies or projects that were abusing human rights, damaging the environment and contributing to climate change. These included mega-dams that had displaced tens of thousands of people, gold mines backed by rights-abusing security



Photo Credit: Joe Athialy

forces, and coal plants that were damaging ecosystems and accelerating climate change.

We made these findings public in an online database. To highlight the human devastation caused by these investments, we traveled to meet with the communities whose lives had been disrupted and told their stories in a series of journalistic-style exposes. We launched the reports at public forums during the World Bank's Spring and Fall meetings between 2016 and 2018 and we brought local advocates to Washington, DC, so they could tell their stories directly to bank officials at these events. We also assisted communities in filing complaints to the IFC's accountability mechanism, the Compliance Advisor Ombudsman, including a precedent-setting climate change complaint submitted by more than 100 communities and organizations in the Philippines regarding 19 new coal plants that were bankrolled by IFC intermediaries.



This work has had an impact. The IFC divested from four commercial banks that had done untold damage in India and the Philippines. Beginning in 2017, IFC CEO Philippe Le Houérou wrote a series of frank blog posts acknowledging the problem. This has led to concrete action. The IFC announced that it was increasingly “ring-fencing,” or legally limiting, how commercial banks could use its money, thus decreasing the chances that it was funding harmful companies and projects.

More than half of the projects we uncovered in our research were coal power plants or mines – despite the World Bank



Group effectively blacklisting the coal industry in 2013. By exposing this disconnect, we helped push the IFC to introduce a renewable energy roadmap called the Green Equity Strategy. Under this draft strategy, which is undergoing consultation and incorporates many of our policy recommendations, banks must commit to steadily decrease their financing of coal, and increase their funding of *(continued)*

renewable energy, if they want to receive an equity investment from the IFC, a prestigious stamp of approval.

We will continue to work with our partners to ensure that the IFC follows through on these commitments. We're gratified to see partner organizations take up similar work on other development finance institutions, which have worryingly adopted the IFC's financial intermediary approach, with little scrutiny. "Nothing is more important," IFC CEO Le Houérou recently wrote, "than accountability." Through evidence and advocacy, we will continue to hold the IFC to those words.

# THE CLEAN SUGAR CAMPAIGN

## HOW AN EU ANTI-POVERTY SCHEME UNWITTINGLY HELPED LEAVE THOUSANDS OF CAMBODIANS DESTITUTE AND WHAT WE'VE BEEN DOING ABOUT IT

Over the past six years, Inclusive Development International along with a coalition of Cambodian and European partners have campaigned to make a European Union preferential trade scheme more accountable for its human rights impacts. The scheme, called Everything But Arms (EBA), is intended to reduce poverty in the world's poorest countries. But our research found that, in the absence of effective human rights safeguards, it has unwittingly helped drive thousands of Cambodian farming families into destitution and led to serious human rights violations.

By granting preferential tariffs on goods produced in Cambodia, the EBA has spurred large-scale land investments by private investors for agribusiness. Commodities grown on plantations in Cambodia can be more cheaply exported to the EU market than the same commodities produced in neighboring Thailand, Vietnam and elsewhere. Lured by these lucrative trade preferences, investment started pouring into Cambodia to produce sugarcane for export to Europe. But instead of providing thousands of good farming jobs to lift rural Cambodians out of poverty, local smallholder farmers were displaced, often violently, from their own farms to make way for the large-scale plantations owned by foreigners or Cambodian elites. Moreover, rampant labor abuses, including low wages, unsafe work conditions and child labor were common on the plantations.

The coalition has campaigned for the EU to align this trade scheme with its international human rights obligations and work to address violations linked to sugar that was grown for export to Europe and incentivized by these trade preferences. The Clean Sugar Campaign, launched in 2012, had some early successes. The European Parliament passed two resolutions in 2012 and 2014 calling for an investigation of the allegations of serious and systematic human rights violations caused by the Cambodian sugar industry. After the publication of our 2013 human rights impact assessment, [Bittersweet Harvest](#), the Commission adopted a resolution to urgently act on the findings.

Following high-level bilateral dialogue, in late 2014 the EU received the Cambodian government's buy-in for an independent audit process to evaluate claims of people affected by the sugar plantations and to provide redress in line with international standards. Hopes were high for this promising new approach to remedy for trade-related human rights violations, which had no precedent internationally, and Inclusive Development International contributed to the design of the process. Unfortunately, the independent assessment ran into political headwinds in Cambodia and was ultimately set aside in favor of a flawed government-led process that commenced in August 2017. That process provided affected people with very limited information and only one month to register their claims, no legal assistance, no external over-



Photo Credit: Thomas Cristofolletti / Ruon Collective 2013

sight, and a lack of transparency about eligibility assessment criteria for claims.

In December 2017, a new European parliamentary resolution called upon the European Commission to review whether Cambodia was meeting its international human rights treaty obligations, and emphasized that if Cambodia was found to be acting in violation of these obligations “the tariff preferences must be temporarily withdrawn.” The following month, the first official delegations from Brussels visited the country to examine the situation and hold high-level meetings with various ministries.

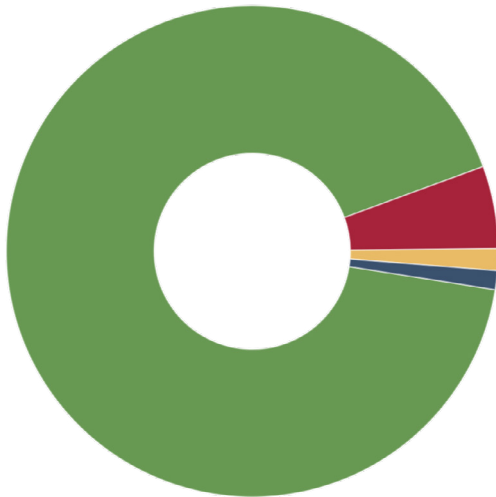
This contributed to a settlement for villagers affected by the sugar plantations in Koh Kong province in March 2018, with 375 families receiving a combination of financial compensation and promises of land return. The provincial administration later facilitated the cutting of hundreds of hectares of land from the sugar concession for distribution to 200 displaced farmers. In addition, new settlements were reached by affected families in Oddar Meanchey province. The provincial administration distributed land plots to villagers in August 2018, and though the quality of land varies, approximately 150 families out of more than 700 claimants received land plots that are suitable for cultivation.

But despite these positive steps, most displaced farming families have not received adequate compensation or other forms of redress.

In 2018, the European Commissioner for Trade declared the EU’s intention to begin the process of withdrawing the country’s EBA preferences in light of “long-running concerns regarding workers’ rights and land-grabbing,” among other concerns related to the deterioration of civil and political rights in Cambodia. This announcement was followed by a series of observation visits.

We remain hopeful that this will encourage the Cambodian government to finally provide a just remedy to the thousands of Cambodians who were displaced and impoverished by sugarcane concessions over the past 13 years. But we continue to call on the EU to reform the EBA scheme so that it imposes basic human rights requirements on the companies that benefit from the trade preferences. Such requirements would help ensure that trade preferences do not inadvertently incentivize harmful investment, as it did in the Cambodian sugar sector, without jeopardizing the economic benefits of the preferential trade scheme that do flow to hardworking Cambodian families. If producers are found to be in violation of the human rights requirements, then they should lose their EBA privileges. That’s the kind of scalpel that governments and multilateral institutions need to make human rights real and enforceable in the context of trade and development initiatives.

# FINANCIALS

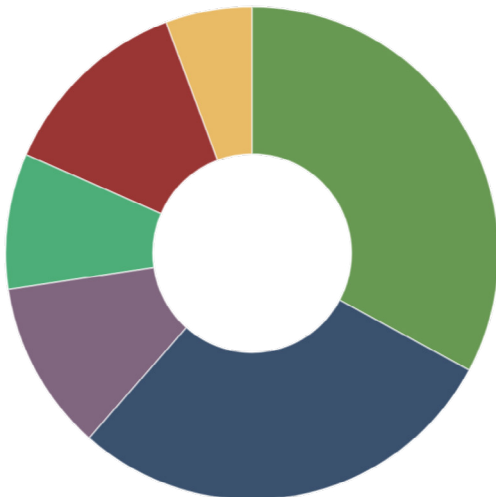


## FY 2018 Revenue

- Foundation Grants – 1,149,468
- Individual Donations – 18,070
- Program Service Fees – 67,822
- Other income – 15,432

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Total Revenue – 1,250,792



## FY 2018 Expenses

Total Program - 631,398

- Follow the Money – 254,508
- Case work – 221,716
- Policy research and campaigns – 86,412
- Tools and training – 68,762
- Management & Administration – 98,956
- Fundraising – 44,009

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Total Expenses – 774,363

Net assets at beginning of year – 4,300

Net assets at end of year – 480,729



# DONORS

Inclusive Development International is deeply grateful for the support of foundations, partner organizations and committed individual donors who make our work possible. Our work over the past fiscal year was made possible by:

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