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COMMUNIQUÉ

CAO Releases Investigation Report of IFC Investment in Palm Oil Processing Plant

May 3, 2016 – The Office of the Compliance Advisor Ombudsman (CAO) today released a compliance investigation report related to International Finance Corporation (IFC) loans to Delta Wilmar, a palm oil processing company in Ukraine (“the company”).

A CAO compliance investigation, considers IFC’s performance against its environmental and social policies and standards.

The investigation responds to a November 2011 complaint from indigenous peoples and smallholders living near Wilmar Group plantations in Indonesia. This is the third complaint CAO has received since 2007 in relation to these investments.

The investigation identifies shortcomings in relation to IFC’s management of risks and impacts associated with the company’s palm oil supply chain in Indonesia. Firstly, CAO finds that IFC disbursed US\$47.5 million to the company in January 2010 without assuring itself that its requirements for the analysis and mitigation of supply chain risks had been met. Secondly, CAO finds that IFC did not take appropriate measures to remedy this issue during the life of the loan, which was repaid by the company in 2013. Thirdly, the investigation finds that a study on the company’s supply chain risk which was commissioned by IFC was not carried out in accordance with IFC’s consultation and disclosure requirements.

The report also discusses the underlying causes of these instances of non-compliance.

CAO will monitor IFC actions in response to these findings and will issue a monitoring report within a year.

More details on the case, including CAO’s investigation report, and IFC’s formal response, are available at: www.cao-ombudsman.org

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About CAO:

CAO is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO’s mandate is to address complaints from people affected by IFC and MIGA projects in a manner that is fair, objective, and constructive with the goal of enhancing environmental and social outcomes on the ground. CAO reports to the President of the World Bank Group. CAO’s investigations, conducted with the participation of external experts, focus on IFC’s performance and do not make compliance findings in relation IFC clients or their business activities.
