



COMMUNIQUÉ

CAO Releases Monitoring Report of IFC Investments in Amalgamated Plantations Private Limited, India

January 28, 2019 – The World Bank Group's Compliance Advisor Ombudsman (CAO), the independent accountability mechanism for the International Finance Corporation (IFC), has released a compliance monitoring report related to investments made by IFC in Amalgamated Plantations Private Limited (APPL, the client) in northeast India.

APPL is the second largest producer and supplier of tea in India and employs over 30,000 people on its 25 tea estates in Assam and West Bengal. IFC's 2009 equity investment was designed to support the implementation of a sustainable employee-owned plantation model. Employees were provided the opportunity to purchase shares in APPL. As part of the investment, IFC was required to assure itself that APPL operated in accordance with IFC's Performance Standards.

The monitoring report follows up on CAO's compliance investigation of IFC's investment in APPL which was released in 2016. CAO's investigation identified non-compliances related to IFC's assessment and management of environmental and social risks associated with the APPL investment. Specifically, CAO found that IFC did not ensure client compliance with Performance Standards related to workers' living conditions, compensation, freedom of association and grievance handling, child labor, use of pesticides, security, economic displacement, project impacts on Indigenous Peoples, and consultation around an employee share purchase program.

In response to CAO's investigation, IFC noted that APPL was implementing an action plan to address shortcomings and legacy issues in areas such as human health, worker health and safety, housing, and sanitation infrastructure. In addition, IFC committed to commission a third-party to undertake an annual audit and worker perception survey across APPL's 25 estates. IFC also committed to update its legal opinion on its client's compliance with national minimum wage requirements and ensure that the client's action plan was disclosed and consulted with workers.

Since the release of CAO's investigation report, APPL has reported progress in implementing some of the action plan commitments. The complainants assert that workers were not consulted on the action plan and raise concern with the progress and quality of its implementation.

As part of the monitoring process, CAO reviewed project documentation and spoke with IFC staff responsible for supervision of the project. CAO also spoke with representatives of the complainants and the IFC client. CAO's monitoring report concludes that IFC has completed limited supervision of the project and has not satisfactorily addressed CAO's non-compliance findings. As presented in the original investigation, CAO remains concerned that IFC's supervision of the project fall short in terms of the requirement to develop and retain information needed to assess its client's compliance with IFC's Performance Standards. As a result, CAO concludes that IFC does not have assurance that their client is on track to achieve compliance with the Performance Standards.

More details about this case are available on CAO's website 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 compliance work focuses on IFC's/MIGA's performance and does not make compliance findings in relation IFC/MIGA clients or their business activities.
