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# Compliance Monitoring

## Omnibus Case Report: Q3, FY2026

## About CAO

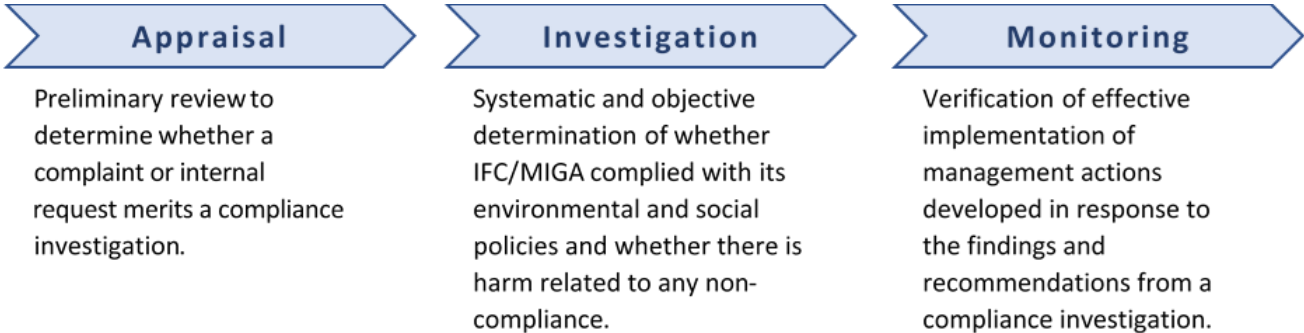
The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

## About the Compliance Function

CAO's compliance function reviews IFC and MIGA compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate.

CAO's compliance function follows a three-step approach:



# Table of Contents

- 1 Executive Summary ..... 5
- 2 About CAO Monitoring ..... 12
- 3 About this Report ..... 14
- 4 CAO Monitoring of IFC/MIGA Project-level Actions ..... 17
  - Tata Tea-01 and -02/India: Project-level Actions ..... 19
  - Real LRIF-01/Guatemala: Project-level Actions ..... 43
  - Rizal Commercial Banking Corporation (RCBC)-01/Philippines: Project-level Actions ..... 49
  - Panama Transmission Line PL IV-01/Multiple Locations, Panama: Project-level Actions .... 60
  - Axzon-01/Ukraine: Project-level Actions..... 70
- 5 CAO Monitoring of IFC/MIGA Systemic-level Actions..... 75
  - CIFI-01/Guatemala: Systemic-level Actions ..... 77
  - Bidco-01 & -04/Kenya: Systemic-level Actions ..... 82
  - Myanma Awba-01/Myanmar: Systemic-level Actions ..... 85
  - Panama Transmission Line PL IV-01/Multiple Locations, Panama: Systemic-level Actions 87
  - Axzon-01/Ukraine: Systemic-level Actions ..... 90
- Annex A. Summary of All Open Cases in CAO Compliance Monitoring ..... 92
- Annex B. Summary of CAO Rating Methodology ..... 93

## Acronyms

CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
DG	Director General
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESDD	Environmental and Social Due Diligence
ESMS	Environmental and Social Management System
ESRP	Environmental and Social Review Procedures
ESRS	Environmental and Social Review Summary
FY	Fiscal Year
GIIP	Good International Industry Practice
IFC	International Finance Corporation
MAP	Management Action Plan
MIGA	Multilateral Investment Guarantee Agency
PS	IFC Performance Standards

# Executive Summary

This Fourth Compliance Monitoring Omnibus Report<sup>1</sup> presents updates on the implementation of IFC Management actions for eight active CAO compliance cases spanning Latin America, Africa, South Asia, and East Asia & the Pacific.<sup>2</sup> This report covers CAO monitoring from March 2025 to January 2026 and includes both project and systemic level actions. At the project level, monitoring focuses on specific actions for individual projects; at the systemic level, it assesses adoption of organization-wide measures intended to address underlying compliance risks.

<b>Tata Tea-01&amp; 02</b> India	<b>Real LRIF-01</b> Guatemala	<b>Bidco-01&amp;04</b> Kenya	<b>Panama Line IV-01</b> Panama
<b>RCBC-01</b> the Philippines	<b>CIFI-01</b> Guatemala	<b>Myanma Awba-01</b> Myanmar	<b>Axzon-01</b> Ukraine

Monitoring Status

Following review, CAO has decided to keep all eight cases open under monitoring, meaning that CAO will continue to review and report on progress. However, CAO has decided to close its project-level monitoring of Panama Line IV-01 and Axzon-01, and systemic level monitoring of Myanma Awba-01.

**CAO’s Compliance Monitoring Approach**

Compliance monitoring is the third and final stage of CAO’s compliance process. Consistent with Paragraph 140 of the **CAO Policy (2021)**, the scope of monitoring covers the corrective actions approved as part of the Management Action Plan (MAP), verifying the effective implementation of those actions.<sup>3</sup>

Cases that entered monitoring prior to July 2021 are managed under CAO’s 2013 Operational Guidelines, which require IFC/MIGA to assure itself that non-compliance findings are adequately addressed before monitoring is concluded.<sup>4</sup> This applies to four cases in this report: Tata Tea-01 and -02 in India, Real LRIF-01 in Guatemala, CIFI-01 in Guatemala, and Bidco-01 and -04 in Kenya.

<sup>1</sup> Since FY23, CAO has adopted omnibus monitoring reports covering multiple active cases to enable streamlined disclosure, while retaining the capacity to issue case-specific reports where circumstances warrant  
<sup>2</sup> As of March 2026, CAO has 13 cases under its monitoring function. CAO’s objective is to produce two omnibus reports each fiscal year covering all cases under monitoring. CAO’s next omnibus report is scheduled for FY27Q1 – this will cover cases not included in this report (Bridge -04 is scheduled for a case specific report in FY26Q4). See Annex A for list of cases  
<sup>3</sup> In CAO’s compliance monitoring: **Implementation** means that an IFC/MIGA action committed in the MAP has been completed according to the agreed scope, timing, and resources, with verifiable evidence of its delivery. The focus is on whether the promised steps have been taken. **Effectiveness** refers to the degree to which an implemented action achieves its desired outcome—namely, addressing the specific non-compliance finding and mitigating or eliminating associated harm.  
<sup>4</sup> CAO’s decision to close a case is guided by its monitoring mandate, which focuses on following up on IFC/MIGA’s actions in response to CAO’s findings. Continued monitoring presupposes that IFC/MIGA retains the capacity and willingness to implement remedial measures, typically through an active financial or commercial relationship with the client. Where IFC/MIGA has exited its investment/guarantee and no longer maintains such a relationship, its operational leverage to influence the

Cases that entered after July 2021 are reviewed under the CAO Policy, which explicitly requires verification of the effective implementation of MAP actions. This applies to four cases: RCBC-01 in Philippines, Myanma Awba-01 in Myanmar, PL IV-01 in Panama, and Axzon-01 in Ukraine.

Beginning with this report,<sup>5</sup> CAO has revised its compliance monitoring rating methodology to assess each IFC/MIGA Management Action Plan (MAP) action individually against two criteria: a) on Implementation (whether the action was delivered as specified) and b) Effectiveness (whether it achieved its intended outcome). Please see Annex B for more information. This change responds to challenges with the previous combined rating approach, where significant implementation efforts could be underrated if the outcome fell short, or vice versa. The new dual-scale aligns with Paragraphs 140 and 141 of the CAO Policy, improves fairness by recognizing factors that may be beyond IFC/MIGA's direct control, and enhances transparency by distinguishing between delivery and impact.

**Key Monitoring Conclusions – Project-Level Monitoring**

**Tata Tea-01& -02 (India):** IFC published an Environmental and Social Action Plan (ESAP) in response to CAO's 2016 investigation report of IFC's investment in Amalgamated Plantations Private Limited (APPL, formerly known as Tata Tea). The plan aimed to materially improve living and working conditions for the IFC client's 28,000 permanent employees and their families, totaling more than 155,000 people across 25 tea plantations in Assam and West Bengal. However, while IFC has reported progress on some actions<sup>6</sup>, critical infrastructure improvements (new/repared houses and sanitation improvements) remain outstanding and the client has not identified the financial resources to close the gap. IFC updated its legal opinion of the minimum wages for tea workers – which CAO reviewed, but other commitments remain unimplemented, including: conducting a third-party audit and worker perception study, and conducting a tea sector study to identify a more sustainable path towards economic and social development for the tea sector in Assam.. This project remains an active investment of IFC, underscoring the ongoing responsibility of IFC to ensure that its client's operations meet applicable environmental and social standards and that the outstanding measures identified in IFC's Management Response are effectively implemented.

**RCBC-01 (the Philippines):** Since CAO's January 2025 monitoring report, available evidence indicates that IFC has not been able to work with its client to undertake the key corrective actions needed to address the significant health and environmental impacts associated with ten coal-fired power plants financed through RCBC's sub-clients. While IFC completed a series of gap analyses under the IFC Management Action Plan that identified actions to address the findings of CAO's investigation, the implementation of these measures remain outstanding. Evidence indicates that neither RCBC nor its sub-clients have taken steps to implement any of those actions. As a result, the communities living near

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client's behavior or address outstanding issues is substantially reduced. If, in addition, IFC/MIGA has taken no action for a sustained period following exit, has expressly indicated it will not undertake further measures, and there is no reasonable prospect of future intervention, CAO considers the core conditions for monitoring to be absent. In such circumstances, particularly when a significant time has elapsed since IFC/MIGA's disengagement, CAO may conclude that continued monitoring is no longer warranted and formally close the case.

<sup>5</sup> In FY26, CAO conducted a review of its approach to compliance monitoring. Revisions to CAO's rating methodology are implemented in this report.

<sup>6</sup> Including, for example, recent infrastructure improvements that have been primarily government-led initiatives.

the ten coal fired power plants continue to be exposed to significant E&S risks and impacts associated with the operations of these plants. In addition, because these power plants were developed outside the framework of IFC's greenhouse gas standards, their carbon emissions have not been assessed and mitigated as provided for in the IFC MAP. This represents a lost opportunity to enhance their energy efficiency, as the plants are expected to emit substantial GHGs for decades. IFC has since exited this project, leaving the corrective actions arising from the gap analysis unfulfilled and limiting the potential for the MAP measures to be completed or to yield their intended impact. IFC confirmed to CAO that it does not expect to take further action as part of this MAP. Consistent with CAO Policy para. 145(b)<sup>7</sup> CAO has decided to keep this case open to allow for Board engagement prior to closing the compliance monitoring process for this case.

**Real LRIF-01 (Guatemala):** IFC holds a significant equity stake in Real LRIF, majority owner of the Hidro Santa Rita (HSR) hydropower project. CAO's 2017 investigation found IFC failed to take sufficient action in response to community protests and violent incidents in 2013–2014. Project construction was suspended in 2014 and has not resumed. The complainants assert that the development of the hydro power plant, including initial commencement of construction, resulted in community division, arrest warrants being issued for community members, and land access issues (complainants assert that they used to subsistence farm part of the project land). Following CAO's 2019 monitoring report, IFC commissioned an assessment of residual impacts, concluding that the community division was not related to HSR or to gaps in Performance Standards, however, complainants and affected communities were not consulted, leaving key concerns unverified. The complainants assert that they continue to experience the effects of loss of access to subsistence farmland and seek to purchase the project land that is no longer being used for the original project. The complainants in 2025 requested IFC to facilitate discussions with the Fund to purchase the project land. In April 2025, IFC met with complainant CSOs and shared Fund contact details, noting the Fund is winding down but not dissolved. IFC noted that it could not serve as mediator between the Fund and CSOs.

Given that the complainants and affected communities were not consulted in the development of the residual impact study, CAO concludes IFC has yet to assure itself that residual impacts have been adequately assessed in accordance with IFC's Sustainability Policy and Performance Standards, and will continue monitoring.

**Panama Line IV-01 (Panama):** IFC's Transaction Advisory Services Agreement with ETESA expired in 2022, with its advisory role ending in March 2024. ETESA deprioritized the Line IV project in 2025. CAO closes monitoring of the MAP action requiring biannual meetings with complainants, finding it implemented and effective. However, the MAP action to advise ETESA on closing E&S gaps, including PS7 Free, Prior, and Informed Consent (FPIC) compliance was concluded as Not Effective, as ETESA did not integrate IFC's advice into ESIA deliverables. Complainants fear the project could restart without the benefit of IFC's E&S guidance and support, and have proposed additional remedial

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<sup>7</sup> CAO Policy para. 145 (b): CAO will close the compliance monitoring process when:... following engagement with Management and/or the Board, not all substantive commitments in the MAP have been effectively fulfilled, and CAO determines that there is no reasonable expectation of further action to address its Project or Sub-Project level non-compliance findings.

measures. However, given the deprioritization of the PL IV project, the withdrawal of the ESIA, the conclusion of IFC's MAP implementation, and discussions with IFC, CAO concluded there is no reasonable expectation of further action and has decided to close its monitoring of IFC project-level actions (CAO Policy para. 145(b)).

**Axzon–01 (Ukraine):** Following CAO's investigation, IFC contacted its former client to explore providing Advisory Services aimed at addressing the harms identified. While IFC initiated this re-engagement in good faith, the company declined further involvement. IFC's ability to influence remedial action was constrained by its 2021 exit from the investment, which ended its financial relationship with the client. In light of the refusal, CAO closes project-level monitoring as there is no reasonable expectation of further action (CAO Policy para. 145(b)). CAO notes, however, that the risks and potential harm identified in the investigation remain materially unmitigated.

Table 1 below presents a summary of the monitoring results for this timeframe:

**Table 1: CAO monitoring of IFC Project-level actions**

Case	Action/Non-compliance response	Implemented	Effective	CAO Monitoring Status and Rationale
Tata Tea -01 and -02. IFC Client Status: Active	Enhance general supervision of client	Not Implemented	Not Effective	Open: Active IFC investment; IFC has supervisory responsibility to fully address non-compliance finding.
	Living conditions infrastructure Improvements	Partially Implemented	Partially Effective	Open: Active IFC investment; some improvements made but significant shortfalls in adequate accommodation services persist.
	Supervision of wages and compensation	Implemented	Partially Effective	Open: Active IFC investment and IFC is yet to assure itself that wage levels protect and promote the health of workers and a way out of poverty.
	Supervision of freedom of association and grievance handling	Partially Implemented	Not Effective	Open: Active IFC investment and IFC has yet to assure itself that workers have no barriers to FOA and grievances are handled systemically per PS2.
	Supervision of child labor risk	Implemented	Partially Effective	Open: Active IFC investment and child labor risk factors are present which necessitate higher IFC supervisory action.
	Supervision of use of pesticides	Partially Implemented	Partially Effective	Open: Active IFC investment and supervisory responsibility to assure itself that adequate PPE is provided and used.
	Supervision of client's approach to security	Partially Implemented	Not Yet Evaluable	Open: Active IFC investment and pending CAO receipt and review of updated security management plan

	Economic displacement due to fisheries program	Implemented	Effective	Closed. IFC has provided sufficient evidence to demonstrate that the impact of the fishery program on affected individuals has been mitigated.
	Application of PS7. (IFC disagree with finding. No action committed)	Not Implemented	Not Effective	Open: Active IFC investment and IFC has not taken sufficient action to assure itself on the applicability of PS7.
	Supervision of PS1 standards for the share program	Partially Implemented	Not Effective	Open: Active IFC investment. IFC has yet to assure itself that worker shareholders have been provided with sufficient regular training to understand their role and responsibilities.
	Supervision of PS1 consultation and disclosure standards	Not Implemented	Not Effective	Open: Active IFC investment. IFC has yet to assure itself that the company discloses relevant E&S documentation in the manner required by PS.
	Sector wide study of tea sector	Not Implemented	Not Effective	Open: Active IFC investment. IFC has yet to implement this commitment.
Real LRIF-01 IFC Client Status: Active	Assess residual sub-project Impacts	Implemented	Not Effective	Open: Active IFC investment. IFC yet to assure itself there has been an adequate assessment of residual project impacts.
RCBC -01 IFC Client Status: Closed	Support RCBC to enhance ESMS	Partially Implemented	Not Effective	Open: Exited investment. CAO will engage with IFC Board to determine any expectation for further action per CAO Policy para.145(b).
	Assess and mitigate E&S risks and impacts of power plants	Partially Implemented	Not Effective	Open: Exited investment. CAO will engage with IFC Board to determine any expectation for further action per CAO Policy para.145 (b).
	Actions to address GHG emissions	Not Implemented	Not Effective	Open: Exited investment. CAO will engage with IFC Board to determine any expectation for further action per CAO Policy para.145(b).
PL IV -01 IFC Client Status: Closed	Regularly engage with complainants	Implemented	Effective	Closed: Exited advisory engagement. IFC effectively implemented this action.
	Advise ETSEA on closing E&S gaps	Implemented	Not Effective	Closed: Exited advisory engagement. IFC advice was not implemented; risk of harm remains should currently deprioritized project restart. However, per CAO Policy para.145(b), there is no reasonable expectation of further IFC action
Axzon -01 IFC Client Status: Closed	Engage former client to response to project-level issues	Implemented	Not Effective	Closed. Exited investment. Client declined IFC's offer for Advisory services; risks and potential harm remain materially unmitigated. However, per CAO Policy para.145(b), there is no reasonable expectation of further IFC action.

**Key Monitoring Conclusions – Systemic-Level Monitoring**

IFC has committed to implement ten systemic actions to avoid recurrence of non-compliance and improve institutional performance in relation to the five cases under review for this Omnibus Report shown in Table 2 below. CAO acknowledges that IFC has recently commenced implementation of a series of actions, such as responsible exit, procedures to respond to FI sub-project incidents. In addition, IFC expects to commence implementation in the short term, such as Labor Handbook and good practice note on contextual risk screening. Accordingly, CAO will continue to monitor the effective implementation of these actions.

**Table 2: CAO monitoring of IFC Systemic-level actions**

Case	IFC/MIGA Systemic-level Commitment	Implemented	Effective	CAO Monitoring Status and Rationale
CIFI -01	IFC Approach to Responsible Exit	Implemented	Not Yet Evaluable	Open. IFC Approach to Responsible Exit was published in October 2024 and implementation has commenced.
	Develop Guidance on Incident Response for FI clients	Implemented	Not Yet Evaluable	Open. IFC FI tipsheet on incident response was finalized in October 2025 and implementation has commenced.
	IFC procedures to respond to FI incidents	Implemented	Not Yet Evaluable	Open. IFC updated its ESRP to include a section on responding to significant adverse E&S events and implementation has commenced.
	Social specialist support for review of complex FI portfolios.	Implemented	Not Evaluable	Closed. This action is Not Evaluable as IFC does not track FI investments where it includes a social specialist as a necessity
Bidco -01 and -04	Improve identification of labor issues, including Labor Handbook	Partially Implemented	Not Yet Evaluable	Open. Updated version of Labor Handbook is pending finalization.
	Revise Labor Handbook	Not Yet Implemented	Not Yet Evaluable	Open. Updated version of Labor Handbook is pending finalization.
Myanma Awba -01	Guidance for IFC staff on change of investment scope	Implemented	Not Evaluable	Closed. Effectiveness of this action is Not Evaluable within a reasonable period of time.
PL IV -01	IFC staff procedures and guidance for Advisory Services	Implemented	Effective	Closed. Available evidence indicates that IFC has effectively implemented this action.
	Mainstream contextual risk analysis in Advisory Services projects	Partially Implemented	Not Yet Evaluable	Open. IFC Good Practice Note on Contextual Risk Screening is pending finalization.”
Axzon -01	Update IFC staff procedures to enhance risks and impacts assessment at site level and guidance on corporate loans	Implemented	Not Yet Evaluable	Open. IFC recently commenced implementation of this action.

# 1 About CAO Monitoring

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## 1.1 Objectives and Scope

Monitoring open cases is the third and final step in CAO's approach to compliance, ensuring verification of IFC/MIGA Management actions taken in response to the findings of CAO compliance investigations.

The CAO Policy (2021) provides for CAO to release an annual monitoring report covering IFC/MIGA actions in cases under its compliance monitoring phase.<sup>8</sup>

Since FY23, CAO has been producing omnibus monitoring reports covering multiple active cases to enable a more streamlined and timely disclosure of the results of CAO's oversight. At the same time, CAO retains the option to prepare and publish case-specific monitoring reports in certain circumstances.<sup>9</sup>

In accordance with CAO's [Transitional Arrangements](#)<sup>10</sup> from the CAO Operational Guidelines to the CAO Policy, cases under CAO's monitoring function prior to July 1, 2021 are handled in accordance with the 2013 CAO Operational Guidelines. Cases which moved into monitoring after July 1, 2021, are handled in accordance with the CAO Policy. Annex A lists all active cases under monitoring with the applicable CAO provisions.

## 1.2 Monitoring under the CAO Operational Guidelines

For cases that were conducted under the CAO Operational Guidelines (April 2013 – June 2021), where CAO makes non-compliance findings in relation to IFC/MIGA performance in a compliance investigation, CAO keeps the compliance investigation open and monitors the situation until actions taken by IFC/MIGA assure CAO that IFC/MIGA is addressing the non-compliance. CAO will then close the compliance investigation monitoring.<sup>11</sup>

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<sup>8</sup> CAO Policy (2021), para. 142. <https://officecao.org/CAOPolicy>.

<sup>9</sup> In June, July, and September 2025, CAO published standalone monitoring reports of IFC's actions in relation to its investments in Bridge International Academies-04/Learn Capital 01-04, FI Audit-01, and Tata Ultra Mega-01/Mundra and Anjar-02 Tragadi Village.

<sup>10</sup> As stated in paragraph 175 of the Policy, "CAO will develop and make public procedures for the transition of ongoing CAO cases to this Policy." Accordingly, transitional arrangements for ongoing CAO cases have been discussed and agreed upon between CAO, IFC, and MIGA. <https://officecao.org/Transition>.

<sup>11</sup> CAO Operational Guidelines (2013), para. 4.4.6. <https://officecao.org/OpGuidelines>. Continued monitoring presupposes that IFC/MIGA retains the capacity and willingness to implement remedial measures, typically through an active financial or commercial relationship with the client. Where IFC/MIGA has exited its investment/guarantee and no longer maintains such a relationship, its operational leverage to influence the client's behavior or address outstanding issues is substantially reduced. If, in addition, IFC/MIGA has taken no action for a sustained period following exit, has expressly indicated it will not undertake further measures, and there is no reasonable prospect of future intervention, CAO considers the core conditions for monitoring to be absent. In such circumstances, particularly when a significant time has elapsed since IFC/MIGA's disengagement, CAO may conclude that continued monitoring is no longer warranted and formally close the case.

### 1.3 Monitoring under the CAO Policy

For cases that were conducted under the CAO Policy, IFC/MIGA respond to a CAO compliance investigation by preparing a Management Report. When IFC/MIGA commit to actions in response to CAO's non-compliance findings and related Harm, the Management Report includes a Management Action Plan (MAP) comprising time-bound remedial actions. Once the IFC/MIGA Board of Directors (Board) approves the MAP, CAO monitors and verifies the effective implementation of the actions set out in the MAP. CAO reviews and confirms that IFC/MIGA implement and complete actions presented in a MAP in an effective manner<sup>12</sup> to address CAO findings of non-compliance and related Harm. CAO monitoring focuses on the non-compliance investigation findings and related Harm for which IFC/MIGA have included corrective actions in the MAP and does not consider non-compliance findings for which there are no corresponding corrective actions in the MAP.<sup>13</sup>

While a case is open in compliance monitoring, the Board may consider options to strengthen the implementation of measures in the MAP, if necessary. In considering such options, the Board takes into account IFC/MIGA Management Progress Reports and CAO monitoring reports.<sup>14</sup> Under the CAO Policy, CAO is charged with verifying the effective implementation of both project-level and systemic actions.

CAO closes the compliance monitoring process under two circumstances. First, if it determines that substantive commitments set out in the MAP have been effectively fulfilled. Second, when not all substantive commitments in the MAP have been effectively fulfilled, but following engagement with IFC/MIGA Management and/or the Board, CAO determines that there is no reasonable expectation of further action to address non-compliance findings.<sup>15</sup>

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<sup>12</sup> I.e., in a manner conducive to producing the desired effect.

<sup>13</sup> CAO Policy, para. 141.

<sup>14</sup> CAO Policy, para. 144.

<sup>15</sup> CAO Policy, para. 145.

## 2 About this Report

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This monitoring report covers IFC's actions at the project and/or systemic level in eight CAO cases (see breakdown below).

CAO's compliance monitoring of IFC/MIGA project-level actions is covered in Section 4. An overview of each case is followed by a detailed table of IFC/MIGA commitments and their implementation status alongside observations by the complainants and CAO. Section 5 covers CAO's compliance monitoring of systemic-level actions taken by IFC/MIGA to avoid recurrence of non-compliance and to improve institutional performance in other investment projects.

### **Cases with Project-Level Commitments:**

- IFC investment in Amalgamated Plantations Private Limited (APPL) for an employee-owned Tata Tea plantation model in India
- IFC equity investment in Real Latin Renewables Infrastructure Fund (LRIF) for the Hidro Santa Rita power plant in Guatemala
- IFC equity and loan investment to support Rizal Commercial Banking Corporation (RCBC)'s growth in microfinance, small and medium-sized enterprises, and retail banking.

### **Cases with both Project-Level and Systemic-Level Commitments:**

- IFC Advisory Services to ETESA for the Panama Transmission Line IV in Panama.
- IFC former equity and loan investment to support Axzon's pig farming and meat processing expansion.

### **Cases with Systemic Level Commitments:**

- IFC former equity investment in Corporacion Interamericana para el Financiamiento (CIFI) for the Hidro Santa Cruz power plant in Guatemala
- IFC former investment in Bidco Africa Limited to expand beverage and detergent production facilities in Kenya
- IFC former investment in Myanma Awba Group Company Ltd. to construct a new agrochemical formulation plant and fertilizer distribution stations in Myanmar

Two sets of guidelines govern CAO's monitoring of these cases. The [Operational Guidelines](#)<sup>16</sup> apply to monitoring of the Tata Tea-01 and -02/India, Real LRIF-01/Guatemala, CIFI-01/Guatemala, and Bidco Bev. & Det.-01 and -04/Kenya while the [CAO Policy](#)<sup>17</sup> applies to the remaining four cases – RCBC-01/Philippines, Myanma Awba-01/Myanmar, PL IV-01/Panama, Axzon-01/Ukraine. For the latter cases,

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<sup>16</sup> CAO Operational Guidelines (2013).

<sup>17</sup> CAO Policy.

IFC prepared a Management Action Plan (MAP) followed by Progress Reports, which are shared with the Board and published on CAO's website.<sup>18</sup>

For cases under the CAO Operational Guidelines, CAO:

- Reviewed IFC's commitments and the status of their implementation, and implications with respect to addressing CAO non-compliance findings
- Requested IFC comments and updates on actions taken consistent with its commitments and response to CAO non-compliance findings and engaged with project teams to seek clarification on IFC's response, as necessary
- Engaged with complainant(s) and/or their representatives to understand the current status of their concerns and their views on the adequacy of IFC actions in response to CAO non-compliance findings
- Reviewed supporting documentation received from parties.

For cases under the CAO Policy, CAO verified IFC's implementation of remedial actions as follows:

- Reviewed IFC MAP actions in relation to corresponding non-compliance findings
- Reviewed IFC Progress Reports and engaged with IFC project teams to seek clarification on IFC responses, as necessary
- For project level action, engaged with complainant(s) and/or their representatives to discuss and document their views on the adequacy of IFC actions and implementation
- Reviewed supporting documentation received from parties.

After reviewing each action item, CAO determined whether to keep the action open or to close it, and assigned two ratings.

In previous CAO omnibus monitoring reports, IFC/MIGA actions were rated using a single five-point scale that combined assessment of both **completion** and **outcome**. While this approach offered a holistic view, it sometimes obscured important distinctions. CAO's experience showed that, in several cases, IFC/MIGA had implemented MAP actions as committed, meeting scope, standard, and timing requirements, but those actions did not fully address the relevant non-compliance findings or related Harm.

To improve clarity and accuracy, and in alignment with Paragraphs 140 and 141 of the **CAO Policy**, CAO has adopted a dual rating system. Under Paragraph 140, the scope of compliance monitoring covers corrective actions approved in the MAP, and monitoring will verify the **effective implementation** of those actions to address the relevant non-compliance finding and related Harm. Paragraph 141 specifies that compliance monitoring will not consider non-compliance findings without corresponding MAP corrective actions. The revised methodology therefore rates each action separately on:

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<sup>18</sup> CAO website, <https://www.cao-ombudsman.org/>.

1. **Implementation (Output)** — the extent to which the action was delivered as specified in the MAP.
2. **Effectiveness (Outcome)** — the extent to which the implemented action achieved its intended result in addressing the non-compliance finding, correcting or mitigating harm, avoiding recurrence, and improving institutional performance.

This approach provides a more transparent and fair record, recognizing that while IFC/MIGA controls implementation, effectiveness can be influenced by external factors such as client capacity, project environment, or broader socio-political conditions. It allows stakeholders to see both the effort made and the result achieved, without conflating the two.

**Table 3: CAO Implementation and Effectiveness Ratings<sup>19</sup>**

Implementation (Output)	Effectiveness (Outcome)
Implemented	Effective
Partially Implemented	Partially Effective
Not Implemented	Not Effective
Not Yet Implemented	Not Yet Evaluable <sup>20</sup>
	Not Evaluable <sup>21</sup>

Annex A lists CAO’s active compliance monitoring cases under both the 2021 CAO Policy and the 2013 CAO Operational Guidelines.

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<sup>19</sup> See Annex B for a summary of CAO’s revised rating approach and a definition for each rating.

<sup>20</sup> Too early to tell or sufficient evidence currently unavailable.

<sup>21</sup> The implementation period has ended and it is not possible to evaluate the effectiveness due to the nature of the action.

### 3 CAO Monitoring of IFC/MIGA Project-level Actions

#### Introduction

This section covers CAO’s monitoring of IFC project-level actions in five cases in Latin America, Africa, Europe, South Asia, and East Asia and the Pacific. Each case includes a summary, a case update, and a detailed table covering CAO’s non-compliance findings, IFC’s related actions, and CAO’s observations and ratings of the effective implementation of IFC’s actions during the monitoring period. In each case, IFC and the complainants had the opportunity to provide their input.

This report covers CAO monitoring of IFC’s actions in response to nineteen project-level non-compliance findings across the five cases summarized in Table 4 below. Monitoring took place during March 2025-January 2026.

**Table 4: CAO monitoring of IFC Project-level actions (see below for additional detail for each case)**

Case	Action/Non-compliance response	Implemented	Effective	CAO Monitoring Status and Rationale
Tata Tea -01 and -02. IFC Client Status: Active	Enhance general supervision of client	Not Implemented	Not Effective	Open: Active IFC investment; IFC has supervisory responsibility to fully address non-compliance finding.
	Living conditions infrastructure Improvements	Partially Implemented	Partially Effective	Open: Active IFC investment; some improvements made but significant shortfalls in adequate accommodation services persist.
	Supervision of wages and compensation	Implemented	Partially Effective	Open: Active IFC investment and IFC is yet to assure itself that wage levels protect and promote the health of workers and a way out of poverty.
	Supervision of freedom of association and grievance handling	Partially Implemented	Not Effective	Open: Active IFC investment and IFC has yet to assure itself that workers have no barriers to FOA and grievances are handled systemically per PS2.
	Supervision of child labor risk	Implemented	Partially Effective	Open: Active IFC investment and child labor risk factors are present which necessitate higher IFC supervisory action.
	Supervision of use of pesticides	Partially Implemented	Partially Effective	Open: Active IFC investment and supervisory responsibility to assure itself that adequate PPE is provided and used.
	Supervision of client's approach to security	Partially Implemented	Not Yet Evaluable	Open: Active IFC investment and pending CAO receipt and review of updated security management plan

	Economic displacement due to fisheries program	Implemented	Effective	Closed. IFC has provided sufficient evidence to demonstrate that the impact of the fishery program on affected individuals has been mitigated.
	Application of PS7. (IFC disagree with finding. No action committed)	Not Implemented	Not Effective	Open: Active IFC investment and IFC has not taken sufficient action to assure itself on the applicability of PS7.
	Supervision of PS1 standards for the share program	Partially Implemented	Not Effective	Open: Active IFC investment. IFC has yet to assure itself that worker shareholders have been provided with sufficient regular training to understand their role and responsibilities.
	Supervision of PS1 consultation and disclosure standards	Not Implemented	Not Effective	Open: Active IFC investment. IFC has yet to assure itself that the company discloses relevant E&S documentation in the manner required by PS.
	Sector wide study of tea sector	Not Implemented	Not Effective	Open: Active IFC investment. IFC has yet to implement this commitment.
Real LRIF-01 IFC Client Status: Active	Assess residual sub-project Impacts	Implemented	Not Effective	Open: Active IFC investment. IFC yet to assure itself there has been an adequate assessment of residual project impacts.
RCBC -01 IFC Client Status: Closed	Support RCBC to enhance ESMS	Partially Implemented	Not Effective	Open: Exited investment. CAO will engage with IFC Board to determine any expectation for further action per CAO Policy para.145(b).
	Assess and mitigate E&S risks and impacts of power plants	Partially Implemented	Not Effective	Open: Exited investment. CAO will engage with IFC Board to determine any expectation for further action per CAO Policy para.145 (b).
	Actions to address GHG emissions	Not Implemented	Not Effective	Open: Exited investment. CAO will engage with IFC Board to determine any expectation for further action per CAO Policy para.145(b).
PL IV -01 IFC Client Status: Closed	Regularly engage with complainants	Implemented	Effective	Closed: Exited advisory engagement. IFC effectively implemented this action.
	Advise ETSEA on closing E&S gaps	Implemented	Not Effective	Closed: Exited advisory engagement. IFC advice was not implemented; risk of harm remains should currently deprioritized project restart. However, per CAO Policy para.145(b), there is no reasonable expectation of further IFC action
Axzon -01 IFC Client Status: Closed	Engage former client to response to project-level issues	Implemented	Not Effective	Closed. Exited investment. Client declined IFC's offer for Advisory services; risks and potential harm remain materially unmitigated. However, per CAO Policy para.145(b), there is no reasonable expectation of further IFC action.

## Tata Tea-01 and -02/India: Project-level Actions

### Case Summary

Amalgamated Plantations Private Limited (APPL) is the second largest supplier of tea in India. The IFC client operates 25 tea estates in Assam and West Bengal, employing over 28,000 permanent workers and over 23,000 temporary workers with 155,000 people in total living on its plantations. In 2006, IFC approved an equity investment of US\$7.8 million (19.9%) in APPL to implement an employee-owned plantation model. IFC's investment, along with the purchase of shares by management and workers, provided for APPL's then owner, Tata Global Beverages, to partly divest its shareholding.

In May 2012, the CAO Vice President triggered a compliance process (Tata Tea-01) following a complaint to IFC from the International Union of Food Workers (IUF), alleging incidents on two plantations in 2009/10 which had led to disputes with unions representing APPL workers. In February 2013, CAO opened a second case (Tata Tea-02) based on a complaint from three NGOs on behalf of tea workers on APPL estates at Hattigor, Majuli, and Naharoni. This complaint raised concerns about labor and working conditions and the worker share-purchase program.

CAO's combined investigation report of September 2016 found that IFC's pre-investment E&S review was not commensurate to risk given the tea workers' vulnerable status and the client's responsibility to provide them with basic services. Shortcomings in this review resulted in project risk mitigation measures that were insufficiently detailed and did not address key risk areas. CAO also found that IFC did not assure itself of client compliance with the Performance Standards during project supervision. CAO's investigation report made specific non-compliance findings related to IFC's assessment and supervision of plantation living and working conditions, reported use of banned pesticides, information disclosure, consultation, and response to security incidents.

In its Management Response, IFC acknowledged gaps in its performance. IFC further noted the 150-year-old legacy issues that plagued the tea sector in India and required urgent action. IFC also published a 44-point draft E&S Action Plan (ESAP) that included commitments to improve living and working conditions on all APPL tea estates through significant infrastructure improvements, and to improve workers' financial literacy. IFC committed to: (a) commission a third party to undertake an annual audit and worker perception survey across APPL's 25 estates; (b) update its legal opinion on APPL's compliance with national minimum wage requirements; and (c) ensure that the ESAP was disclosed and workers consulted. In October 2016, the APPL Board approved the ESAP with a rider that APPL would need assistance from shareholders to fund its implementation. APPL management stated that recent financial losses challenged its ability to implement aspects of the ESAP requiring significant financial resources, in particular the planned infrastructure improvements.

### CAO Monitoring and Status

In 2019, CAO's first monitoring report concluded that IFC's limited supervision gave no assurance that the client was on track to comply with the Performance Standards and that IFC had not delivered on its own commitments in response to CAO's findings. Specifically, IFC had not: (a) commissioned a third-party to undertake an annual audit and worker perception survey with a representative sample across

the client's 25 estates; (b) updated its legal opinion on the client's compliance with national minimum wage requirements; or (c) ensured that the ESAP was disclosed and workers consulted prior to its approval by the APPL Board in October 2016.

CAO reviewed this case again as part of its Second Compliance Omnibus Monitoring report (May 2024). While IFC reported (in December 2023) some progress on addressing living conditions infrastructure deficits—primarily via government programs—CAO noted that critical infrastructure improvements remained outstanding and client financial resources to close the gap unidentified. IFC also reported that it had not implemented the following IFC commitments: conducting a third-party audit and worker perception study; updating its legal opinion of minimum wage for the tea workers; and conducting a tea sector study to identify a more sustainable path towards economic and social development for the tea sector in Assam. IFC did report, however, that it had convened engagement between APPL, the complainants, and local CSOs to build trust, strengthen engagement with workers, and improve the client's grievance mechanism.

In December 2025, IFC provided CAO with an update on its ongoing supervision of the company. IFC reported that it recently visited the three tea estates subject to CAO's Tata Tea-02 case. IFC updated CAO on tea estate infrastructural improvements, recommendations, and capacity support IFC provided to the company. IFC also commissioned an external legal opinion to review of wages/benefits to workers against applicable wage regulations.

See the table below for a summary of CAO monitoring of this case. In preparing this table, IFC and the complainants were provided with an opportunity for their input.

## India: Tata Tea-01 and -02

CAO Investigation Report: <https://officecao.org/4sCi84H>

IFC Management Response: <https://officecao.org/4sw69W9>

Compliance First Monitoring Report: <https://officecao.org/49vHCrz>

Compliance Second Monitoring Report: <https://officecao.org/4jsFG7X>

### CAO Non-Compliance Finding #1 September 2016

#### CAO finding regarding IFC general supervision:

IFC's supervision of its investment in APPL did not meet the requirements of the Sustainability Policy or relevant Environmental and Social Review Procedures (ESRP). IFC has failed to "develop and retain the information needed to assess its client's compliance with the Performance Standards" (ESRP). Where IFC has identified gaps in compliance, IFC has not ensured that these are translated into time-bound and resourced Action Plans of the type required by Performance Standard 1. As a result, E&S compliance issues raised by the complainants remain unaddressed.

IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p><b>Action Plan</b> 2016 commitments, including:</p> <ul style="list-style-type: none"> <li>• 44-point draft Action Plan to address living and working conditions, the employee stock option plan (ESOP) and company E&amp;S risk management.</li> <li>• IFC committed to supplement its direct supervision by commissioning, preferably with Tata Global Beverages (TGB), an annual independent third party audit and worker perception survey of: (a) the Action Plan; (b) other improvement measures</li> </ul>	<p>IFC reports that it has completed several actions to enhance APPL's E&amp;S performance on various fronts, including stakeholder engagement, grievance management, occupational health and safety (OHS), security, and gender-based violence and harassment (GBVH). There remain some outstanding 2016 Action Plan items, in particular social infrastructure improvements, which remain unaddressed due to a lack of funds at APPL's disposal. IFC notes that APPL is leveraging both state and federal government social infrastructure programs for support in improving social</p>	<p>IFC is yet to apply its Remedial Action Framework published in April 2025 to this case.</p> <p>As the second largest shareholder of APPL and with a development mandate, IFC has a responsibility to address the documented non-compliance and hazardous living and working conditions on plantations it has jointly-owned with the Tata Group for 15 years.</p> <p>IFC's failure to commission a third-party audit and worker perception survey reflect its failure to take accountability and responsibility for</p>	<p>The Action Plan was disclosed by IFC and approved by APPL Board in 2016. When APPL's Board approved the Action Plan, it included a rider that it would need assistance from shareholders to fund implementation. Financing the infrastructure improvements of the Action Plan remains a key barrier to its implementation.</p> <p>In recent years, the company's E&amp;S annual reporting to IFC has significantly increased (e.g., detail on each tea estate operations). However, the absence of a client wide ESMS and third party audits</p>

<p>implemented or proposed; and (c) financial literacy program and awareness training on the employee share plan that have been undertaken by APPL.</p> <ul style="list-style-type: none"> <li>• Actions to support APPL's E&amp;S Management System.</li> </ul>	<p>infrastructure. IFC reports that it communicated to complainant representatives IFC's inability to make a financial contribution to support social infrastructure improvements, and it has encouraged APPL to maximize the impact of government-managed social infrastructure programs.</p> <p>In relation to IFC's commitment to commission a third-party audit, IFC noted that it has not commissioned a new third-party audit of the management system as such an audit would not add much value given APPL's financial situation and the nature of the remaining gaps (mainly, social infrastructure). Notwithstanding this, IFC noted that APPL maintains SA8000, Trustea, and Rainforest Alliance certifications, which are validated through periodic third-party audits.</p> <p>IFC noted that it has not commissioned a worker perception survey as originally envisaged in the Action Plan. The remaining actions rely on government programs and will proceed at their own pace driven by GoA/Gol processes. In light of this, undertaking this audit is not going to materially change outcomes on the ground or enhance workers' wellbeing.</p>	<p>the urgently needed infrastructure and repairs. IFC's reference to APPL's SA8000, Trustea and Rainforest Alliance certifications repeats the same errors identified by the CAO in its investigation report almost a decade ago. As CAO concluded in 2016, IFC provided "no evidence" it had assessed whether these schemes align with IFC's requirements, reviewed their methodologies, or even examined the underlying audit reports—making IFC's reliance on certification "problematic."</p> <p>Nevertheless, the complainants remain open to engage in a facilitated dialogue with IFC to address the hazardous living conditions which are contributing to poor health outcomes for workers and their families. While the complainants have requested an in-person dialogue, this has not yet been convened.</p> <p>The complainants want to alert CAO to new research published in early 2025 by the Assam Medical College and Hospital (AMCH), which identified a life-threatening fungal lung infection, Chronic Pulmonary Aspergillosis (CPA), disproportionately affecting current and former tea plantation workers in Assam, revealing an alarming link between tuberculosis and CPA. The study explains that CPA, caused by the Aspergillus fungus, develops in damaged lungs and leads to</p>	<p>assessing Performance Standard compliance means that the E&amp;S risks and impacts of the company's operations are not adequately documented and known to IFC. While CAO acknowledges that the client maintains third-party certification for SA8000, Trustea, and Rainforest Alliance, this does not substitute for IFC's own commitment to commission a third-party audit of Performance Standard compliance. Further, IFC noted that it did not commission a workers perception survey, as provided for in its 2016 Action Plan.</p>
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		cavities, fungal growths, and severe respiratory complications if untreated. The study was widely reported in the media, see for instance: Times of India ( <a href="https://bit.ly/4bfmvfx">https://bit.ly/4bfmvfx</a> ), February 3, 2025. The study is accessible here: <a href="https://bit.ly/4qafJwr">https://bit.ly/4qafJwr</a>	
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**Status:** Open

<b>Implementation Rating:</b>	<p><b>Not Implemented</b>          IFC has not implemented commitments to support the client in developing and rolling out a system wide ESMS of its tea plantations. IFC has not implemented a third-party audit of its client's Performance Standards compliance or a workers perception survey. Other IFC actions in relation to stakeholder engagement, grievance management, occupational health and safety (OHS), security, and gender-based violence and harassment (GBVH) are covered in subsequent sections of this table</p>
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<b>Effectiveness Rating:</b>	<p><b>Not Effective</b>          Key commitments (ESMS, third party audit and workers perception survey) have not been implemented. IFC's general supervision does not demonstrate Performance Standards compliance. Evidence indicates the outcome was not achieved and risks/Harm remain materially unmitigated.</p>
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**CAO Non-Compliance Finding #2**  
**September 2016**

**CAO findings regarding IFC supervision of living conditions for workers on the client's tea estates:** IFC did not assure itself that its client was discharging its obligation to provide housing and other services in a manner that met Performance Standard 2 (PS2) requirements. Given the objective of PS2 to “promote safe and healthy working conditions, and to protect and promote the health of workers,” CAO finds that IFC’s consideration of worker health indicators has been insufficient. During supervision, IFC has not responded systematically to the issues regarding housing and living conditions raised by the complainants.

IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>Summary of relevant Action Plan 2016 commitments, including:</p> <ul style="list-style-type: none"> <li>• Series of infrastructure improvements related to water, sanitation and housing. Water and sanitation improvements were expected to be complete by March 2019 and housing improvements by March 2022.</li> </ul>	<p>From its supervision activities, IFC noted that APPL reported that infrastructure improvement has not changed significantly since 2023. However it does vary by estate, and in Hathigor and Nahorani complaints about repairs and maintenance of major infrastructure such as housing and toilets are being addressed though the Community Welfare Officer and the grievance mechanism on a regular basis and there are a substantial number of repairs to both housing and toilets reported each year since 2022/23 to present.</p> <p>IFC report that Infrastructure improvement achieved (in percentages of the original shortfalls): Toilets: 52%; Bathrooms: 32%; Cement drains: 4%; Houses: 24%; and Kitchens: 8%.</p> <p>The government programs do continue to improve water and electricity connections, as well as some new housing, which is more limited. The new housing and social infrastructure are built to standards developed by Gol/GoA (regulation/legislation).</p>	<p>Workers from Hattigor, Majuli and Naharoni plantations report that government programs have only had a marginal impact and major infrastructure shortfalls persist. Progress is highly variable depending on location due to the politically-motivated nature of the schemes.</p> <p>While some workers report that a few new houses were built under a government scheme, the majority reported that no new houses have been built since about 2016-17.</p> <p>In some labour lines, work is underway to install household water taps through a government scheme. In some lines, that is not the case. In some lines water supply infrastructure has been laid but water supply has not started. As in the past, most of the residents have access only to unfiltered bore water. The workers have not received water filters in recent times. Workers are managing by constructing their own makeshift wells/hand pumps or have access to shared standpipes, with one between approximately 4-5 households.</p> <p>While some plantation hospitals have been connected with a</p>	<p>The Action Plan anticipated that all infrastructure improvement works would be complete by March 2022. While IFC has reported varying degrees of progress regarding housing, access to water, and sanitation, this has been materially dependent on new government funded projects. Further, IFC reports that infrastructure improvement has not changed significantly since 2023. CAO notes the complainant's assertion of continuing material shortfalls in the living conditions.</p> <p>CAO notes that the provision of adequate housing, access to water, and sanitation are company obligations under the Performance Standards and national law. While it is positive that some improvements have been recorded due to government funded programs, there remains a significant shortfall whose resolution is unclear in the context of the company's acknowledged challenge to finance improvements. The government report, cited by the complainants, speaks to this situation.</p> <p>The infrastructure improvements that have been completed to date have been completed to Government of India and Assam</p>

		<p>government scheme (National Rural Health Mission), workers questioned what impact this has had on the quality of care and medicines. For any illness other than minor cases of illness and fever, workers are referred to health facilities at nearby towns.</p> <p>With respect to other repairs / infrastructure:</p> <ul style="list-style-type: none"> <li>• As in the past, many toilets in workers' houses remain broken and unusable.</li> <li>• Although there is a process/ register for complaints regarding housing repairs, it takes a very long time and often workers have no option but to do urgent repairs themselves.</li> <li>• Workers state that most repairs have stopped for the past 3/5 years approximately, with management citing shortage of funds.</li> </ul> <p>A Report of the Comptroller and Auditor General of India on Implementation of Schemes for Welfare of Tea Tribes, Government of Assam, tabled on 30 August 2024, specifically references two APPL plantations (Nahorani and Kellyden) as part of its study, which focused on a total of 39 tea plantations and included physical examination of houses and interviews with workers.</p>	<p>standards. It is unclear whether this standard is materially equivalent to IFC's PS2 standards for worker accommodation.</p>
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	<p>Nahorani was one of 28 plantations where workers reside in kutcha housing. According to the report, residents of these kutcha houses stated that they face water leakage and dripping from rooftops during the rainy season (see page 57). The report found that Nahorani was among the plantations where water quality testing had not been carried out. “As a result, residents were consuming water without any assurance of its quality” (see page 59).</p> <p>Kellyden was identified as one of the tea plantations where housing did not meet prescribed standards, with houses having fewer rooms than required, and verandahs, toilets, and kitchens either unavailable or not conforming to the prescribed standard (page 58). Amongst the illustrative photographs depicting the poor housing and living conditions in the workers’ quarters, the report includes an image of a deficient water source (ringwell) at a labour line in Kellyden (page 59). The report also found a shortage of teachers at the plantation schools at Kellyden (page 100).</p> <p>The report confirms “none of the tea estates had constructed new houses for workers during the period covered under audit” (page 57) and includes an Appendix on the number of houses as compared</p>	
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		with permanent workers (page 103).  The report can be accessed here: <a href="https://bit.ly/3Lkc0gz">https://bit.ly/3Lkc0gz</a>	
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**Status:** Open

**Implementation Rating:** **Partially Implemented**  
 In the initial years of the IFC Action Plan, the company implemented some infrastructure improvements. However, this stalled due to lack of funds at APPL disposal. Recent infrastructure improvements have resulted from government programs, and have been implemented to Government of India and Assam standards.  
 However, CAO understands that significant shortfalls in adequate accommodation services persist.

**Effectiveness Rating:** **Partially Effective**  
 The client initially implemented some infrastructure improvements, with more recent improvements due to government programs. The complainants report a persistent material shortfall in living conditions. In order for CAO to better understand the shortfall, a CAO site visit will be required.

## CAO Non-Compliance Finding #3 September 2016

**CAO findings regarding IFC supervision of wages and compensation:**

In response to the allegations that the client compensates workers at a level below the minimum wage, IFC took appropriate action in obtaining external legal advice on the issue. However, the advice was not current at the time that it was delivered and as such requires revisiting. IFC has not assured itself that the client is systematically presenting wage-related information in a manner that is “clear, easily understandable, and accurate, and in the language of the employee or directly contracted worker.” In addition, IFC has not assured itself that wages and working conditions for temporary and permanent workers are consistent with IFC commitments to support jobs that “protect and promote the health” of workers, and thus provide a way out of poverty.

IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>Summary of relevant Action Plan 2016 commitments, including:</p> <ul style="list-style-type: none"> <li>• IFC committed to update its legal opinion as to whether the workers' wages met national minimum wage requirements.</li> <li>• Pay slip in local language</li> </ul>	<p>IFC, as a follow up to the initial legal opinion on minimum wages done earlier, hired an external legal counsel in India do a further review of wages/benefits to workers against applicable wage regulations. This opinion was completed in September 2025.</p> <p>IFC noted that tea worker wage/benefit framework in India is quite complex considering the mix of in-kind and cash compensation.. The opinion did identify minor discrepancies in the provision of benefits to some tea workers. IFC recommended to APPL that it address gaps identified in the opinion.</p>	<p>The complainants have not been provided with an opportunity to review the initial legal opinion or the further review commissioned by IFC.</p> <p>The Minimum Wages Act, 1948, lists tea plantations under its Schedule, making tea workers eligible for legally set minimum wages. The current minimum wage for agricultural workers in Assam is INR344.80 with respect to unskilled workers (please note we would submit that tea workers are in fact skilled or semi-skilled). Despite this, the current daily wage that tea workers receive on APPL plantations is only INR 250.</p> <p>A report by the Comptroller and Auditor General of India (Report No. 5 of 2024-Performance Audit Report on Implementation of Schemes for Welfare of Tea Tribes, Government of Assam) tabled on 30 August 2024, includes a Chapter V on Compliance to Minimum Wages Act, 1948, finding several shortcomings as to the legal validity of the current situation, undermining IFC's suggestion there are only minor discrepancies.</p> <p>The report states:</p>	<p>In September 2025, IFC updated its legal opinion as to whether tea workers' wages met national minimum wage requirements. The opinion concludes that IFC's client does pay workers in accordance with wage requirements set out in a 2023 triparty process and notification by the state government (October 2023).</p> <p>However, this opinion did not consider several factors highlighted in the Government of Assam: Report of the Comptroller and Auditor General of India (2024 CAG Report). In particular, (a) the Government of Assam had not notified tea workers as a scheduled employment for wage fixation purposes, despite tea plantation work being listed under the Minimum Wage Act 1948; (b) there is no record that non-cash value for payment of wages in kind (firewood, food rations and dry tea) has been formally authorized by the State Government (2024 CAG Report - section 5.5); (c) the legal opinion presents an analysis of the cash value for statutory benefits (housing, medical, educational, paid leave, and protective clothing) which the 2024 CAG Report affirms should not be counted towards minimum wages; and (d) while the</p>

		<p>“Section 11 of the MW Act, 1948 further provides that the minimum wages payable under this Act shall be paid in cash. Where it has been the custom to pay wages wholly or partly in kind, the appropriate Government by notification in the Official Gazette, authorising the payment of minimum wages either wholly or partly in kind, the cash value of wages in kind shall be estimated in the prescribed manner.” (page 70)</p> <p>However, the report finds:</p> <p>The practice of partially paying wages in kind continued without authorisation and ‘in-kind’ benefits were not confirmed to determine the cash value of wages... ..[i]t cannot be said that the wages for tea workers was a matter of dispute which needed to be settled through bipartite agreements under the Industrial Disputes Act.”</p> <p>The report can be accessed here: <a href="https://bit.ly/3Lkc0gz">https://bit.ly/3Lkc0gz</a></p> <p>Since 2016/2017, workers have been demanding higher wages. To take one recent example, a protest was held in October 2025 in Dibrugarh for an increase in daily wage, recognition of Adivasi tea worker communities as Scheduled Tribes, and for land rights (The Assam Tribune,</p>	<p>daily cash wage for tea workers is ₹250 (and in-kind benefit of food rations, dry tea and firewood) as per the October 2023 notification, this remains well below the minimum cash wage applicable to unskilled workers in Assam generally (₹344.80 as of late 2025), reflecting a substantial disparity also documented by the CAG Report.</p> <p>IFC also provided CAO with pay slips and indicated that these are provided in English and Assamese. Available evidence provided on this aspect is sufficient.</p> <p>IFC has yet to assure itself that wages and working conditions for temporary and permanent workers are consistent with IFC commitments to support jobs that “protect and promote the health” of workers, and thus provide a way out of poverty. Available evidence indicates that tea workers in Assam generally live in high levels of poverty and have poor health and education levels. In particular, CAO notes the analysis of the 2024 CAG Report, which concluded that Assam tea workers wages are “meagre” and they are paid the lowest wages compared to other major-tea producing states in India (Tamil Nadu, Kerala, and Karnataka).</p>
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		<p><a href="https://bit.ly/496NOHz">https://bit.ly/496NOHz</a>, October 13, 2025).</p> <p>Some workers report that there are increased work pressures, including to prune a certain number of bushes per day.</p>	
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**Status:** Open

**Implementation Rating:** **Implemented**  
IFC updated its legal opinion and provided evidence of pay slips to CAO in English and Assamese

**Effectiveness Rating:** **Partially Effective**

IFC has provided evidence that workers pay slips are now provided in Assamese. IFC's updated its legal opinion but, as noted above, several factors were not adequately considered.

While IFC has addressed multiple aspects of CAO's non-compliance finding, IFC has yet to assure itself that wages and working conditions for temporary and permanent workers are consistent with IFC commitments to support jobs that “protect and promote the health” of workers, and thus provide a way out of poverty. In particular, CAO notes 2024 CAG Report that tea workers’ wages are meagre.

In CAO’s view, implementation of IFC’s commitment for a tea sector wide study (see #12) would provide greater understanding on the challenges to provide wages that provide a way out of poverty and influence positive development outcomes.

**CAO Non-Compliance Finding #4**  
**September 2016**

**CAO findings regarding IFC supervision of freedom of association and handling of grievances:**  
In light of ongoing concerns regarding freedom of association and collective bargaining raised by the complainants, global unions, and a social audit commissioned by the client, IFC has not assured itself of compliance with the relevant requirements of Performance Standard 2 (PS2) on Labor and

Working Conditions. IFC's approach to the review and supervision of the grievance mechanism requirements of PS1 and PS2 is similarly deficient. Despite ample evidence of worker grievances in the tea sector, IFC did not review or collect baseline data on its client's approach to grievance handling.			
IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>Summary of relevant Action Plan 2016 commitments, including:</p> <ul style="list-style-type: none"> <li>• Actions to enhance tea estate level engagement (Employee Engagement Councils) and grievance mechanism</li> </ul>	<p>From prior IFC supervision activities, IFC noted that it identified areas for improvement in stakeholder engagement and grievance redress during past supervision visits. IFC reports that it recently completed some capacity building activities with APPL to strengthen its approach to stakeholder engagement and grievance mechanisms and GBVH (Gender-Based Violence and Harassment).</p>	<p>The concerning issues previously documented, regarding restrictions on the freedom of workers to associate at APPL and fundamental flaws with the design and functioning of Employee Engagement Councils, persist.</p> <p>The complainants have not received any information about capacity building activities with APPL on its approach to stakeholder engagement and grievance mechanisms and Gender-Based Violence and Harassment.</p>	<p>In relation to Freedom of Association, IFC's documentation indicates that the majority of the company's tea estates have only one recognized union for tea workers. IFC's supervision record does not indicate what actions IFC has taken to assure itself that there are no barriers to forming a union on the company's tea estates in accordance with national law and PS2 and that grievances are adequately handled.</p>
<b>Status: Open</b>			
<b>Implementation Rating:</b>		<p><b>Partially Implemented</b></p> <p>Available evidence does not indicate that IFC has proposed and taken sufficient action to address CAO's non-compliance finding. CAO acknowledges that IFC provided capacity building to support client grievance handling. However, given the scale of the company's operations, these actions are not sufficient to address FoA and grievance redress issues.</p>	
<b>Effectiveness Rating:</b>		<p><b>Not Effective</b></p> <p>Given the scale of the company's operations (25 tea plantations), IFC capacity building activities are not sufficient to address FoA and grievance redress issues. Further, IFC's supervision documentation does not provide a basis to confirm that Employee Estate Councils (EEC) are operating as</p>	

an effective measure for workers to raise grievances and for these to be addressed in a timely manner.

## CAO Non-Compliance Finding #5 September 2016

### CAO finding regarding IFC supervision of child labor:

Child labor is known to be prevalent in India’s agricultural sector, including on tea plantations. In this context, CAO finds that IFC’s pre-investment due diligence of the risk of child labor on its client’s plantations was inadequate. Similarly, since receipt of the CAO complaint, IFC has not taken adequate measures to assure itself that the client currently complies with its child labor requirements.

IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>No specific actions. IFC noted that child labor was explicitly forbidden by APPL policy.</p>	<p>IFC reports that APPL has adequate measures in place to prevent child labor, which IFC reviewed in 2025 (including the company's Policy on Child Labor - which prohibits child labor). Child labor prevention is included in most certifications, and APPL is periodically audited by third parties under the SA8000 standard and Rainforest Alliance and Trustea certification program. There was no evidence of child labor on any of the 3 tea estates IFC visited in 2025. IFC noted that creches and schools are in operation at the estates, although some workers do choose to send their children to school outside of the estates.</p>	<p>The complainants note that in IFC's 2024 update, it stated, "Procedures in place to address child labour in the workplace, will be further confirmed in the third-party audit proposed as part of the action plan."</p> <p>It appears this audit was not conducted and instead IFC is again over-relying on certification systems. In 2016, CAO found "no evidence to suggest that IFC: i) undertook a gap analysis between IFC's requirements and external certification requirements; ii) reviewed the methodology for assessing certification; or iii) reviewed the reports prepared by third parties assessing compliance with the certification requirements."</p>	<p>CAO's 2019 Monitoring Report noted the need for IFC to commission an independent third-party audit in order to close this aspect of CAO's monitoring. As noted by IFC, the third-party audit has not been completed.</p> <p>IFC's recent supervision documentation noted that the company has a policy prohibiting child labor, and IFC did not identify any instance of child labor during its site visit. From the tea estates IFC visited, IFC also noted that workers tend not to send their children to the tea estate schools but rather to schools outside the tea estates as they have concerns regarding the education and available facilities on the estates.</p> <p>Given low household income for tea workers, the 2024 CAG Report</p>

			noted a tendency for tea workers to keep their children at home to look after their siblings and do other household tasks.
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**Status: Open**

**Implementation Rating: Implemented**  
IFC has assured itself that the company has a policy that prohibits child labor.

**Effectiveness Rating: Partially Effective**  
IFC noted that its supervision has not identified instance of child labor and the company's third-party certifications include requirements on child labor prevention - certifications which the company maintains.

As reported by IFC, children tend not to attend the tea estate schools (in some tea estates) and attend off-site schools. This potentially raises the risk of informal child labor or risks to children from accompanying their parents to tea estate work fields.

The absence of an IFC commissioned third-party audit (as committed to in the IFC-APPL action plan 2016 – see CAO non-compliance finding 1) would provide further assurance to IFC on this matter.

**CAO Non-Compliance Finding #6**  
**September 2016**

**CAO findings regarding IFC supervision of use of pesticides:**

IFC has not properly applied its requirements regarding the handling and use of pesticides to this project, with the result that workers have been exposed to extremely hazardous chemicals. In particular, IFC did not identify in a timely manner the client's use of pesticides that are prohibited or restricted under IFC requirements. Further, IFC has failed to provide adequate guidance to the client on how to address compliance issues related to pesticide use.

IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>Summary of relevant Action Plan 2016 commitments, including:</p> <ul style="list-style-type: none"> <li>• Phase out all hazardous pesticides of WHO Class 1a and 1b.</li> <li>• Provide high quality Personal Protective Equipment (PPE) to all workers on spraying duty, spare PPE, budget to replace PPE as necessary, revisions to procedures and training for spray workers.</li> </ul>	<p>IFC engaged an Occupational Health and Safety (OHS) expert in February 2020 to review several OHS issues and incidents, as well as APPL's associated procedures, including pesticide management. The OHS consultant visited three estates that were part of the complaint. APPL practices were generally found to be adequate, though some recommendations were made, and further training was planned with APPL which was initially suspended due to Covid-19 restrictions. During an IFC site visit in 2025, IFC's OHS consultant conducted further training of key staff and made some recommendations.</p>	<p>Workers from Hattigor, Majuli and Naharoni plantations continue to report varying degrees of pesticide safety.</p> <p>While some sprayers are given Pesticide Protection Equipment, these are mostly old and in poor condition.</p> <p>Some sprayers report that they are not rotated, are only given medical tests occasionally and do not receive their results.</p> <p>Workers describe that an auditor came, and sprayers were given new PPE equipment for the purposes of showing the auditor during the visit.</p> <p>The complainants have not been provided with the audit report nor the recommendations that IFC's OHS consultant made in 2020 or 2025.</p>	<p>IFC's supervision documentation records that the company does not use any WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous) or Class Ib (highly hazardous) chemicals - which PS3 requires companies avoid. Further, IFC's supervision documentation records the company uses WHO Recommended Classification of Pesticides by Hazard Class II (moderately hazardous). Under PS3, the use of such pesticides is permissible only where the company maintains appropriate controls on their procurement, storage, handling, application, and disposal to prevent exposure and protect worker safety.</p> <p>With respect to the use of adequate PPE and the safe handling/application of pesticides, IFC has yet to retain sufficient supervision documentation to demonstrate that these controls have been implemented in practice. This is particularly important given that Class II pesticides still present significant acute toxicity risks and require strict compliance with PPE and safe-use protocols.</p>
<p><b>Status: Open</b></p>			

**Implementation Rating:** **Partially Implemented**  
 IFC has worked with the company to phase out all hazardous pesticides of WHO Class 1a and 1b.  
  
 IFC has not taken sufficient action to assure itself that adequate PPE is continuously provided as needed and revisions to procedures have been adequately implemented and sufficient training for spray workers across all plantations.

**Effectiveness Rating:** **Partially Effective**  
 IFC's supervision reports that the company does not use WHO Class 1a and 1b pesticides. However, complainants report continuing challenges regarding availability of adequate PPE and procedures for spraying.

**CAO Non-Compliance Finding #7**  
**September 2016**  
  
**CAO finding regarding IFC supervision of risks related to client's approach to security:**  
 IFC did not assure itself during supervision that the client's approach to the use of security forces is in accordance with Performance Standard 4, Community Health, Safety, and Security.

<b>IFC Response and/or Commitments in Response</b> October 2016	<b>IFC Reported Implementation</b> November 2025	<b>Complainants' Observations</b> December 2025	<b>CAO Observations</b> December 2025
No specific action in the 2016 Action Plan.	IFC and its PS4 Security Consultants reviewed and provided detailed comments on APPL's Security Management Plan (SMP) in 2019. An updated plan was provided in 2025. IFC reviewed the plan, noting gaps in relation to risk assessments, training of guards, and grievance management of complaints against security guards. IFC notes that it intends to provide support to APPL on completing risk assessments of the estates and implementing a PS4 focused SMP.	The complainants have not been provided with nor had the chance to input on APPL's Security Management Plan.	IFC has reported that it reviewed and provided comments to the company on its security management plan, and it recently provided training to the company on this matter.  PS4 Guidance Note provides that clients should communicate their security arrangements to workers and the affected community, subject to overriding safety and security needs. The complainants'

	Further training and capacity building for management and security guards on PS4 were conducted in late 2025.		comments to CAO indicate that this may not have occurred.
<b>Status:</b> Open			
<b>Implementation Rating:</b>		<b>Partially Implemented</b> IFC reports that it has reviewed the company's security plan and it recently provided support to the company on this matter to enhance its approach to plantation security. However, it is unclear why tea workers and affected communities have not been provided an opportunity to provide input.	
<b>Effectiveness Rating:</b>		<b>Not Yet Evaluable</b> CAO has not had an opportunity to review the updated Security Management Plan, and IFC's recommendation. Further, IFC recently provided training and capacity building to company management and security guards, the outcome of which CAO has not reviewed.	
<h2 style="margin: 0;">CAO Non-Compliance Finding #8</h2> <h3 style="margin: 0;">September 2016</h3> <p><b>CAO finding regarding IFC supervision of allegations of project related economic displacement:</b> IFC has not assured itself of proper application of Performance Standard 5, Land Acquisition and Involuntary Resettlement (PS5) requirements by the client in relation to the potential economic displacement of workers' supplemental agricultural activities.</p>			
IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>Summary of relevant Action Plan 2016 commitments, including:</p> <ul style="list-style-type: none"> <li>• Workers impacted by the fisheries program to be provided with employment or made permanent workers with all the fringe benefits or be regularized for employment at</li> </ul>	A total of 38 workers displaced due to the Fisheries Project, have been provided with permanent employment at the Estate itself. IFC provided CAO with details on how individuals displaced by the fishery project were employed by APPL.	The complainants have not been provided with sufficient information to verify IFC's claim from 2024 that a total of 38 workers displaced due to the Fisheries Project were provided with Permanent employment at the estate.	IFC provided CAO with documentation to demonstrate that the 38 workers displaced by the fishery program have been employed by APPL. Further, a 2017 third party audit of this issue recorded that affected workers were

the government-approved minimum wages for non-tea agricultural activities.			provided with permanent employment.
<b>Status:</b>		<b>Closed</b>	
<b>Implementation Rating:</b>		<b>Implemented</b> Documentation provided by IFC to CAO indicates that the 38 workers affected by the fishery program were employed by the company.	
<b>Effectiveness Rating:</b>		<b>Effective</b> As affected workers have been provided with permanent employment, the impact of the fishery program on affected individuals has been mitigated.	
<h2>CAO Non-Compliance Finding #9</h2> <h3>September 2016</h3> <p><b>CAO finding regarding IFC supervision of the application of Performance Standard 7 (Indigenous Peoples) to the project:</b> CAO finds that IFC did not assure itself that PS7 was properly applied to this investment.</p>			
IFC Response and/or Commitments in Response October 2016	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p>IFC noted that PS7 did not apply as the population does not have a historical dependence on land, ancestral territories, or natural resources in the project area which predates the tea industry and/or has been impacted by the project.</p> <p>No specific action in the 2016 Action Plan.</p>	<p>PS7 is not applicable to this project. Even though the workers belong to indigenous communities of central India, given that they migrated as laborers and are not native to this area, PS7 is not applicable to them. This is consistent with PS7, para. 6, which provides that for application of PS7, there has to be a collective attachment to land and natural resources in the project area.</p>	<p>The complainants submit that Performance Standard 7 is applicable to this project. Guidance Note 7 states that the standard may include "communities of Indigenous Peoples who are resident upon the lands affected by the project".</p>	<p>In considering the application of PS7, IFC guides that this be conducted by qualified social scientists using a mixture of ethnographic and participatory approaches. While IFC has stated that PS7 does not apply, IFC has not provided an adequate analysis to substantiate this assertion (as expected by PS7).</p>

	IFC affirms that it does not propose to take further action in relation to this point.		
<b>Status: Open</b>			
<b>Implementation Rating:</b>		<b>Not Implemented</b> IFC has not taken nor proposed any action in relation to this compliance finding as IFC disagrees with the CAO compliance finding.	
<b>Effectiveness Rating:</b>		<b>Not Effective</b> IFC has not taken any action in relation to this compliance finding. Accordingly, evidence indicates the outcome was not achieved.	
<h2 style="margin: 0;">CAO Non-Compliance Finding #10</h2> <h3 style="margin: 0;">September 2016</h3> <p><b>CAO findings regarding IFC supervision of consultation and disclosure in relation to the share program:</b>          Considering that: (a) the project required the majority of workers to participate in the share program; (b) the purchase of shares entails risk; and (c) tea workers are a disadvantaged and vulnerable group, CAO finds that:          - IFC's supervision did not have a basis to conclude that the client had met its requirements for effective consultation with workers in relation to the program          - IFC has not assured itself that specific allegations of lack of consultation raised by the complainants have been addressed.</p>			
<b>IFC Response and/or Commitments in Response</b> October 2016	<b>IFC Reported Implementation</b> November 2025	<b>Complainants' Observations</b> December 2025	<b>CAO Observations</b> December 2025
Summary of relevant Action Plan 2016 commitments:  <ul style="list-style-type: none"> <li>• Actions to support workers' education on the employee share ownership program, financial literacy, share program procedures and processes.</li> </ul>	IFC confirms that APPL has undertaken several financial literacy programs. IFC noted that generally financial outcomes for ESOP (employee share ownership program) holders have been good. Exit is made available to ESOP holders on separation from the company. Separating employees have made good returns – 29.4%	No information about the share exit program was provided to the complainants in advance.  The basis on which shares were valued in the exit offer has not been explained.  The complainants spoke to workers who were not aware of awareness	IFC's supervision documentation notes the majority of tea workers divested their shareholding. The company asserted that it provided training and support for those availing of the exit opportunity.  A decision by a worker to purchase shares in a company they work for which is not listed on a public

	<p>(in FY18), 20.5% (FY19), 16.8% (FY20) and 11.6% (FY21). Further, in 2021, APPL organized a voluntary share buyback program, in which 65% of the ESOP holders at the time participated, tendering their shares in the buyback, and made a 12.85% return. While exit is available only at separation, APPL has indicated that they could run another voluntary exit program at a later stage if remaining employee shareholders are supportive, and it would likely be similar to the previous voluntary buyback program.</p> <p>Awareness programs on the exit offer, financial education regarding the buyback and returns generated were provided to the employees via the Employee Engagement Councils (EECs) and Estate Welfare Officers, both before and after the rollout of the program. The EECs include union representation, and the unions are also involved in the Financial Literacy Training. Most of the employee shareholders were aligned and willing to participate in the buyback process, except employees in a few estates (~5,000 employees) who expressed their intention to stay invested and did not participate.</p> <p>An additional program of financial literacy awareness will be planned and implemented with the company, to continue to build the remaining</p>	<p>programs having been conducted on the shareholder program.</p>	<p>exchange, the rights and responsibilities of a shareholder, and a decision to exit a shareholding requires a specific level of investor expertise. In this context, an individual making a similar transaction in the European Union or the United Kingdom may be required by law to pass an Appropriateness Test. The rationale for such a test is a recognition that investing in certain financial instruments without sufficient knowledge and/or experience can result in an increase risk of loss.</p> <p>As context to the general level of education of tea workers in Assam, the 2024 CAG Report affirms that there were extremely low levels of education among tea worker communities.</p>
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	workers' awareness in the ESOP and other information as needed.		
<b>Status:</b> Open			
<b>Implementation Rating:</b>		<b>Partially Implemented</b> IFC reports that the company undertaken several financial literacy programs. However, IFC supervision does not detail whether these were offered to all worker shareholders at regular intervals.	
<b>Effectiveness Rating:</b>		<b>Not Effective</b> The general level of education among tea worker communities has been reported as very low. Making an informed decision to acquire and hold equity in a company an individual works for requires a specific level of investor expertise. Available documentation to CAO does not confirm that worker-shareholders have been provided with sufficient financial literacy training at regular intervals. Further, the delivery of training and information via Employee Engagement Councils (EECs) and Estate Welfare Officers— rather than in direct sessions by financial educators — potentially presents a barrier to comprehension and open questioning, particularly in low-literacy contexts, unless these intermediaries are specifically equipped to convey complex financial information in accessible ways.	
<p><b>CAO Non-Compliance Finding #11</b> <b>September 2016</b></p> <p><b>CAO finding regarding IFC supervision of consultation and disclosure requirements more generally:</b> IFC has not assured itself of proper application of Performance Standard 1, Assessment and Management of E&amp;S Risks and Impacts (PS1) consultation and disclosure requirements in relation to the project. In particular, IFC has not ensured that the client disclose required E&amp;S assessment documents, Action Plans, and monitoring reports in a manner that is accessible to workers. Similarly, IFC has not assured itself that key E&amp;S assessment processes and Action Plans were prepared following effective consultation with workers.</p>			
<b>IFC Response and/or Commitments in Response</b> October 2016	<b>IFC Reported Implementation</b> November 2025	<b>Complainants' Observations</b> December 2025	<b>CAO Observations</b> December 2025

<p>Summary of relevant Action Plan 2016 commitments:</p> <ul style="list-style-type: none"> <li>• Commit for the Action Plan (2016) to be publicized and solicit feedback from workers on the proposed priorities.</li> </ul>	<p>IFC reports that it recently completed training with the company's Community Welfare Officers and EECs to improve capacity on stakeholder mapping, engagement, implementation and management of their stakeholder engagement and grievance mechanism.</p> <p>IFC will continue to communicate on actions taking place over the coming months through the current facilitators.</p>	<p>There has been scant consultation with workers on the action plan by IFC and APPL.</p> <p>The full third party (Solidaridad) audit reports (as opposed to public summaries) of 2014 and 2017 have still not been provided to the complainants.</p> <p>As discussed above, the complainants remain open to engage in a facilitated dialogue with IFC to address the hazardous living conditions which are contributing to poor health outcomes for workers and their families. While the complainants have requested an in-person dialogue, this has not yet been convened.</p>	<p>CAO's 2019 Monitoring Report noted that IFC had not adequately assured itself that the company had disclosed prior E&amp;S assessment documentation, Action Plans, and monitoring reports in a manner that is accessible to workers. IFC had not ensured that the company disclosed and consulted workers on the Action Plan. Further, IFC had not assured itself that the company continues to update workers and affected communities on the implementation of the Action Plan and general operations.</p> <p>IFC's 2025 update to CAO in respect of this non-compliance finding, and a review of IFC supervision documentation does not indicate this this issue has been adequately addressed.</p>
<b>Status: Open</b>			
<b>Implementation Rating:</b>		<p><b>Not Implemented</b></p> <p>IFC actions do not clearly indicate an objective to ensure adequate disclosure of required E&amp;S assessment documents, Action Plans, and monitoring reports in a manner that is accessible to workers across the company's 25 plantations</p>	
<b>Effectiveness Rating:</b>		<p><b>Not Effective</b></p> <p>As a result of failure to disclose relevant E&amp;S assessment documentation and Action Plans in a manner consistent with PS1, tea workers and affected people are not informed about the potential E&amp;S risks and impacts of the company's operations and actions the company is taking to address such risks and impacts.</p>	
<b>Additional IFC commitment - #12</b>			

## September 2016

<b>IFC Response and/or Commitments in Response</b> October 2016	<b>IFC Reported Implementation</b> November 2025	<b>Complainants' Observations</b> December 2025	<b>CAO Observations</b> December 2025
<p>IFC 2019 Commitment following CAO Monitoring Report:</p> <p>IFC proposes facilitating a broader approach to engage all relevant stakeholders on a sector-wide study to identify a more sustainable path towards economic and social development for the tea sector in Assam.</p>	<p>IFC reports that it has taken no further action because there was insufficient support from stakeholders to move forward.</p>	<p>The reason for the "insufficient support" has not been explained.</p>	<p>CAO's Investigation Report (2016), IFC's Management Response (2016), and IFC Management Update (2019) notes that many of the issues in this case are legacy problems inherent to the tea sector in India.</p> <p>The complainants' representatives have noted to CAO that the "insufficient support" has not been explained.</p> <p>As it is acknowledged that many of the issues in this case are inherent in the tea sector for decades, IFC's 2019 commitment to facilitate a broader engagement with relevant stakeholders on a sector-wide study merits action. A one World Bank Group response to this commitment is necessary. Implementation of this action is now significantly delayed.</p>
<p><b>Status:</b> Open</p>			
<p><b>Implementation Rating:</b></p>		<p><b>Not Implemented</b> IFC reports that it has not implemented this commitment due to insufficient support from stakeholders.</p>	
<p><b>Effectiveness Rating:</b></p>		<p><b>Not Effective</b> IFC reports that it has not implemented this commitment due to insufficient support from stakeholders. Accordingly, evidence indicates that the outcome of identifying a more sustainable path towards economic and social development for the tea sector in Assam was not achieved.</p>	

## Real LRIF-01/Guatemala: Project-level Actions

### Case Summary

The Santa Rita project was a planned 23-megawatt hydropower plant on the Río Icbolay in Alta Verapaz, Guatemala. The project was managed by a local development company, Hidroeléctrica Santa Rita, S.A (HSR), which is majority owned by Latin Renewables Infrastructure Fund (LRIF, “the Fund”), a financial intermediary. IFC made an equity investment in LRIF in 2012. Following protests, the project was halted in 2015 and never restarted. IFC retains an active investment in LRIF, which owns HSR (though project development ceased in 2015).

In October 2014, CAO received a complaint from two local civil society organizations (CSOs), Colectivo Madre Selva and the Consejo de Pueblos de Tezulutlan, on behalf of several communities downstream and upstream of the project. The complainants stated that HSR had not addressed their concerns about project design, the decision not to apply FPIC, potential adverse impacts on local water sources, and their ability to generate income and sustain their livelihoods. They claimed that their opposition to the project had been met with violence, repression, and criminalization of community leaders.

CAO’s investigation report was released in October 2017, making several non-compliance findings in relation to IFC’s pre-investment environmental and social due diligence (ESDD) and project supervision. In particular, CAO found that IFC’s pre-investment review of LRIF was not commensurate to the risks and challenges the client would face in implementing IFC’s recently updated Indigenous Peoples requirements. Further, CAO found that IFC’s approach to ESDD was flawed as its staff were not given sufficient time or information to determine whether LRIF was applying IFC standards to its projects. During IFC’s project supervision, construction works for the project commenced and opposition intensified, with two children and a former worker at the project site killed during an incident in August 2013. In this context, CAO’s investigation found that IFC did not sufficiently engage LRIF to address the rising tensions, violent incidents, and serious allegations of E&S impacts raised by local community members and their representatives. CAO also found that IFC should have reevaluated the applicability of its Indigenous Peoples standards to the project during supervision.

In its Management Response, IFC noted the project was halted in 2015 and the plant never constructed, which meant that most potential E&S impacts never materialized. IFC added that the project E&S assessment was ongoing and the project E&S Action Plan was designed to ensure compliance with the Performance Standards, had the plant gone ahead. More broadly, IFC stated that it applied a rigorous E&S framework for financial intermediary (FI) clients that was considered best practice in the investor community. IFC did not commit to any project-level actions in response to CAO’s non-compliance findings.

### CAO Monitoring and Status

In August 2019, CAO published its first monitoring report. The report noted that IFC had strengthened internal procedures for appraising and supervising FI investments, but that IFC had not committed to take any action with LRIF regarding the project-level issues raised by complainants. CAO therefore concluded that IFC had not adequately supervised its client on the HSR sub-project to ensure that it

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assessed residual project impacts and, as appropriate, minimized, compensated for or otherwise

remedied them. CAO's monitoring report also noted that the complainants continued to assert that residual project impacts remained unaddressed, including community division, arrest warrants, and land access issues (complainants assert they previously used part of the land to grow crops). In addition, LRIF, the IFC client, continued to own a controlling equity share in the project.

In response, in 2020 IFC hired a consultant to conduct an analysis of residual project impacts. The consultant concluded that gaps in Performance Standard implementation related to the Hidro Santa Rita project were not linked to the complainant allegations of residual project impacts including community division, arrest warrants, and land access issues. This conclusion was based on several factors; many years had passed with no project activity; the company has no control over the arrest warrants process; the land was purchased from a private seller; and other contextual factors influenced local dynamics. These contextual factors included Guatemala's colonial history and civil war, socio-economic inequalities, limited government presence in the area, and competition among local groups for political and economic power. However, neither the complainants nor affected communities were consulted for this analysis due to the sensitivity of the case and to avoid creating expectations. Since CAO's last monitoring of this case (May 2024), IFC has not taken further action in relation to its assessment of residual project impacts.

Consultation with affected stakeholders is a core requirement both under good international industry practice, and also required and under IFC's Sustainability Policy and Performance Standard 1 both as a means of identifying all relevant impacts and ensuring proposed mitigation measures are responsive to community concerns. CAO notes that since complainants and affected communities were not consulted during the preparation of IFC's residual project impacts assessment, IFC cannot reasonably assure itself that the assessment is complete nor accurate. The absence of consultation is particularly significant in this case because complainants continue to assert that residual project impacts remain unaddressed, including loss of access to subsistence farmland.

IFC remains exposed to the HSR (though development ceased in 2015) through its active investment in LRIF, and CAO has decided to keep this case open. CAO makes this determination on the basis that: (a) IFC has an active investment in the Fund that owns HSR; (b) the assessment of residual impacts failed to consult the complainants and local communities; and (c) the complainants continue to assert that residual project impacts remain unaddressed (community division, arrest warrants, and land access).

Since the last CAO monitoring report of this case (May 2024), IFC reports that in April 2025 it met with complainant representatives to exchange information. IFC clarified to complainant representatives during this meeting, that the Fund is in its final stages and is currently winding down but has not yet dissolved. The complainants have expressed a desire to acquire the project land from the Fund, asserting that community members previously subsistence farmed part of the land. IFC shared the Fund contact information with the complainant representatives, then notified the Fund that an inquiry may be forthcoming. IFC has informed CSOs that it could not serve as mediator between the Fund and CSOs to facilitate discussions on a potential land purchase by the community.

IFC remains exposed to the HSR (though development ceased in 2015) through its active investment in LRIF, and CAO has decided to keep this case open. CAO makes this determination on the basis that: (a) IFC has an active investment in the Fund that owns HSR; (b) the omission of affected community consultation from the residual impacts assessment; and (c) continued assertions from complainants that significant residual impacts remain unaddressed.

The table below details the non-compliance findings that CAO is monitoring. In preparing this table, IFC and the complainants have provided their input.

## Guatemala: Real LRIF-01/Coban

CAO Investigation Report: <https://bit.ly/3JKraXU>

IFC Management Response: <https://bit.ly/4bkLQ4B>

Compliance First Monitoring Report: <https://bit.ly/3JK1QBu>

Compliance Second Monitoring Report: <https://officecao.org/46FffFW>

### CAO Non-Compliance Finding August 2017

IFC's supervision did not provide sufficient evidence to conclude that LRIF was correctly applying IFC's E&S requirements to the project. Given the ongoing conflict around the Hidro Santa Rita project, and persistent concerns about local impacts, additional supervision was required by IFC, in particular in relation to: (a) the adequacy of additional E&S assessments required by the project ESAP, (b) the decision not to apply FPIC to the project; and (c) the client's security management plan.

IFC Response and/or Commitments in Response October 2017	IFC Reported Implementation November 2025	Complainants' Observations November 2025	CAO Observations December 2025
<p>The Fund was taking active measures to address E&amp;S issues as they arose, including full stoppage of the project at significant financial cost. In that time, the Fund tried to find ways to engage with the community. Issues that are central to this investigation were identified and reported by the Fund itself well before the CAO complaint and investigation – as a consequence the project was stopped, and never resumed.</p> <p>Impacts were duly reported, and IFC's supervision indicated that the Fund was dealing appropriately with the situation, especially in light of its</p>	<p>Following the community's claims, the project (Hidro Santa Rita) was cancelled in 2015, the Fund withdrew, and the project was never developed. As the Fund has completed its investment period, no new investments are contemplated. As such, IFC considers that no further actions are needed to apply IFC's E&amp;S requirements to the project.</p> <p>In response to CAO's questions, IFC reported that it has not updated its residual impact analysis as there is no project. Further, since the last CAO monitoring report of this case (May 2024), IFC reports that in April</p>	<p>At the beginning of 2025, the communities affected by the Hydroelectric Santa Rita (HSR) Project and their representatives approached the CAO and the IFC to share their concerns about the residual impacts they continue to suffer: 1) community division, 2) land still held by the company, and 3) criminalization, with dozens of people still under arrest warrants, and how the IFC never developed a strategy to help them. Meetings with IFC led to no results, despite the publication of "IFC's Approach to Responsible Exit" and "IFC/MIGA Interim Approach to Remedial Action," with IFC citing as excuse</p>	<p>IFC's response to the 2017 CAO investigation did not commit to any project-level actions. Following CAO's 2019 monitoring report, IFC commissioned an analysis of residual project impacts. CAO welcomed IFC's decision to commission this analysis. However, a key weakness in its preparation was the failure to consult the complainants and local communities.</p> <p>CAO notes that since its investigation concluded, another project lender, FMO, exited its direct shareholding in the investment. Accordingly, IFC and</p>

<p>decision to stop the project at significant financial cost. IFC also consulted with other investors and outside E&amp;S specialists on the adequacy of the mitigation measures in place. IFC's E&amp;S supervision complied with the applicable policies for FI investments and exceeded that of any other investors in the Fund. Nonetheless, IFC continues to enhance its E&amp;S supervision of FI clients. For example, IFC's approach to supervision includes visits from IFC's E&amp;S staff to a sample of fund sub-projects to assess E&amp;S risks and help fund clients in managing those risks. IFC is also offering regular E&amp;S risk management training for clients, which has resulted in better implementation of IFC's E&amp;S requirements and increased compliance by fund managers.</p>	<p>2025 it met with complainant representatives (CSOs) to exchange information. IFC clarified that the Fund is in its final stages and is currently winding down but has not yet dissolved. IFC noted that the CSOs reiterated their request for IFC's support in assisting the community in acquiring the land from the Fund and enabling formal closure of the project with the Guatemalan government. The CSOs explained that the affected community wished to buy the project land from the Fund and asked IFC to help facilitate dialogue with the Fund to explore a voluntary purchase. IFC confirmed to the CSOs that their request could be communicated to the client, but that IFC could not serve as mediator. In turn, IFC shared the Fund contact information with the CSOs, then notified the Fund that an inquiry could be made by the CSOs. In May 2025, IFC followed up with the CSOs to note that (i) the Fund is no longer investing and is in the process of winding down; ii) the Hidro Santa Rita project was never built and iii) at present, there is no possibility for the Fund to reactivate the Hidro Santa Rita Project.</p>	<p>that the LRIF fund was in wind-down mode (yet the IFC's investment remains active on its website - <a href="https://bit.ly/3KaNtKr">https://bit.ly/3KaNtKr</a>). IFC limited its engagement to sharing LRIF fund contact details so communities could reach administrators directly, when IFC intermediation was important for reasons of safety and ongoing criminalization.</p> <p>The current Government of Guatemala has revoked the hydroelectric license due to HSR's noncompliance with the license terms and ordered the forfeiture of its assets to the Ministry of Energy and Mines. Consequently, Río Dolores communities have greater confidence in dialogue with the Government of Guatemala to resolve the problems arising from HSR's financing by IFC and other development banks, where IFC bears a high degree of responsibility. More information is available at this link- <a href="https://bit.ly/4oC1wH5">https://bit.ly/4oC1wH5</a>.</p>	<p>IFC AMC hold significant equity in LRIF (35%), which in turn holds full ownership of HSR. In 2019, CAO recommended that IFC advise its client to develop a public statement clarifying its position with regard to the project. While IFC affirmed to the complainant's representatives that the Fund would not proceed with developing the project, that did not rule out another developer acquiring the project land (which the Fund owns) and restarting development of the hydro power plant. CAO understands from the complainants that the current Government of Guatemala has revoked the hydroelectric license, reducing the likelihood that another developer will restart the project.</p> <p>CAO has decided to keep this case open. CAO makes this determination on the basis that: (a) IFC has an active investment in the Fund which owns HSR; (b) the assessment of residual impacts failed to consult the complainants and local communities; and (c) the complainants continue to assert that residual project impacts remain unaddressed (community division, arrest warrants, and land access). It is important that IFC's assessment of residual impacts includes discussion with complainants and local communities. Absent this, IFC does not have a reasonable basis to conclude that project, while now</p>
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			ceased, did not have impacts which are residual for communities.
<b>Status: Open</b>			
<b>Implementation Rating:</b>		<b>Implemented</b> IFC commissioned an assessment of residual project impacts.	
<b>Effectiveness Rating:</b>		<b>Not Effective</b> CAO's investigation report documented residual impacts to communities from the development of the hydro power plant. IFC's 2019 assessment of residual impacts was inadequate as it was not informed by consultations with the complainants and local communities. While development of the plant was suspended and was never constructed, CAO notes complainants' assertion that residual project impacts remain.	

## Rizal Commercial Banking Corporation (RCBC)-01/Philippines: Project-level Actions

### Case Summary

In 2011, IFC began investing in RCBC, a financial intermediary whose strategy aligned with IFC's developmental objectives for the Philippines, including financial inclusion and sustainability.

RCBC subsequently financed 10 coal-fired power plants in the country, and committed to finance an additional plant. In October 2017, CAO received a complaint from communities in the plants' vicinity, supported by three nongovernmental organizations (NGOs)—the Philippine Movement for Climate Justice, Inclusive Development International, and Bank Information Center. The complaint raised concerns that RCBC financed these coal plants without applying IFC's Performance Standards, leading to environmental and social (E&S) harms to local communities and contributing to global climate change.

CAO's subsequent investigation reviewed how IFC applied its E&S requirements to its investments in RCBC, and in particular to the 11 coal-fired power plants named in the complaint. The investigation identified IFC non-compliance in both the appraisal and supervision of E&S risks emerging from its investment in RCBC's banking business. It found that many of the alleged adverse impacts on communities and the environment from the RCBC-financed plants were likely to have occurred. It also concluded that these shortcomings in IFC's review and supervision contributed to RCBC providing support for the power plants' expansion without assurance that these sub-projects would operate in accordance with IFC Performance Standards (PS). The PS includes requirements to quantify and reduce greenhouse gas (GHG) emissions.

### CAO Monitoring and Status

IFC's Management Action Plan (MAP) to address CAO's findings and recommendations was approved by the IFC Board on April 8, 2022. IFC has completed three Management Progress Reports (January 2023, December 2023, and November 2024). CAO monitored this case as part of its first Omnibus Monitoring Report in May 2023 and a standalone case monitoring report in January 2025.<sup>22</sup>

In its January 2025 monitoring report, CAO noted three areas where there remained uncompleted actions: (a) IFC has yet to assure itself that RCBC is implementing an ESMS which applies the Performance Standards to high-risk investments; (b) IFC made significant efforts to assess the E&S risks and impacts of the 10 power plants but the risks and impacts to communities and the environment identified have not been mitigated; and (c) IFC has been unable to assess GHG emissions from the power plants.

In November 2025, IFC provided CAO with an update on this case. IFC reported that it discussed with RCBC ways to enhance its ESMS implementation, including IFC capacity building. However, this was

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<sup>22</sup> IFC's MAP included two systemic actions: (i) develop a good practice note for FIs on assessment of GHG gases on sub-projects to be financed and (ii) develop a good practice note for FIs covering sample E&S covenants to be included in loan agreements. In March 2023, IFC published both good practice notes. As noted in CAO's [January 2025 Monitoring Report](#), these actions were intended to be incorporated in CAO's broader monitoring on IFC's FI portfolio. In July 2025, CAO published its [fourth monitoring report](#) of IFC's FI portfolio. This report noted limited IFC analysis of FI clients incorporating legal covenants in their sub-project legal agreements.

declined by RCBC. IFC also reported no progress regarding implementation of mitigation measures at the power plant sub-projects and GHG assessments. IFC also noted that a CSO had made an Access to Information Policy (AIP) request for the power plant gap analysis reports, conducted as part of the MAP, to be disclosed. The IFC AIP Advisor' decision was that IFC had a compelling reason not to disclose the reports under the IFC AIP.<sup>23</sup>

CAO recognizes the significant efforts by IFC to date, but notes that more than a year has passed since the completion of the gap analysis reports. Available evidence indicates that the recommendations included in these reports have either not been shared with or are not being implemented by the coal power plants. Further, IFC has reported no further progress on implementing a GHG study of each of the power plants as no power plant agreed to participate in the study. In relation to its work with the client on its ESMS, IFC has not assured itself that Performance Standard requirements have been incorporated into binding agreements for its high-risk sub-projects consistent with IFC's Sustainability Policy.

In 2025, consistent with its Approach to Responsible Exit, IFC conducted a responsible exit analysis and decided to proceed with an investment exit. In January 2026, IFC sold its equity investment in RCBC.<sup>24</sup> IFC confirmed to CAO that it does not expect to take further action as part of this MAP. Consistent with CAO Policy para. 145(b)<sup>25</sup> CAO has decided to keep this case open in order to provide for Board engagement on this matter.

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<sup>23</sup> IFC Access to Information Advisor Decision, October 2025. Available at <https://bit.ly/4qcx3A!>

<sup>24</sup> RCBC (2026), RCBC Disclosure to Philippines Stock Exchange. Available at <https://bit.ly/49ZVGtC>

<sup>25</sup> CAO Policy para. 145 (b): CAO will close the compliance monitoring process when:... following engagement with Management and/or the Board, not all substantive commitments in the MAP have been effectively fulfilled, and CAO determines that there is no reasonable expectation of further action to address its Project or Sub-Project level non-compliance findings.

# Philippines: Rizal Commercial Banking Corporation (RCBC)-01

CAO Investigation Report: <https://officecao.org/481qZoB>  
 IFC Management Response: <https://officecao.org/4pNrbhG>  
 IFC First Progress Report: <https://officecao.org/4mEIFda>  
 Compliance First Monitoring Report: <https://officecao.org/46Lq6ye>  
 IFC Second Progress Report: <https://officecao.org/4pNCGpj>  
 IFC Third Progress Report: <https://officecao.org/3lwolaF>  
 Compliance Second Monitoring Report: <https://officecao.org/4nTrQwb>

## CAO Non-Compliance Finding #1 November 2021

Over the course of ten years since making its first investment in RCBC, IFC has not verified that the client (a) is operating its ESMS as envisaged at the time of IFC's pre-investment review or (b) is applying the IFC Performance Standards, to its high risk sub-projects (ESRP 2009 and 2014, para. 9.2.5/6).

IFC has made multiple investments in a commercial bank in the Philippines that is financing projects with high levels of E&S risk without assurance of PS compliance. Further, available evidence suggests that through its investment in RCBC, IFC has exposure to high risk projects without assurance that they are operating in accordance with IFC Performance Standards, with likely adverse impacts on communities and the environment.

IFC Response and/or Commitments in Response February 2022	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations January 2026
<p>IFC committed to a series of actions to strengthen RCBC's ESMS implementation:</p> <ul style="list-style-type: none"> <li>• Action A.1: E&amp;S capacity needs assessment and enhancement</li> <li>• Action A.2: Incorporating PS requirements in a binding agreement for high-risk subprojects</li> <li>• Action A.3: RCBC commitment to no coal financing</li> </ul>	<p>By mid 2024, IFC and its E&amp;S consultant completed a review of RCBC's ESMS and Reassessment Study of RCBC's high-risk sub-project portfolio. IFC shared these reports and recommendations with RCBC. IFC stated that the client does not agree with the findings.</p> <p>From February to April 2025, IFC and RCBC discussed ways to enhance ESMS implementation. IFC shared stakeholder engagement templates and</p>	<p>The continuing gaps in RCBC's application of the Performance Standards to higher risk business activities, as reported by CAO in January 2025, is cause for concern. IFC's failure to ensure that RCBC is applying its E&amp;S requirements to subprojects will lead to further harm to communities and the environment in the Philippines.</p> <p>For example, RCBC is one of the lead arrangers of the PHP 13.7 billion Energy Transition</p>	<p>CAO acknowledges IFC's engagement with RCBC to support improvement in its ESMS. However, IFC reports that RCBC declined its offer to support efforts to strengthen its ESMS implementation.</p> <p>Accordingly, IFC's supervision does not demonstrate that RCBC is implementing an ESMS to assess and manage the E&amp;S risk of its sub-projects to IFC standards, including the legally binding application of the</p>

<ul style="list-style-type: none"> <li>• Action A.4: Reassessing RCBC's existing high-risk portfolio sub-projects against IFC PS</li> <li>• Action A.5: Revised Environmental and Social Action Plan (ESAP) between IFC and RCBC. See IFC Management Response and MAP for specific action items</li> </ul>	<p>documents comparing IFC EHS guidelines with Philippine standards. IFC also offered cooperation to improve RCBC's current ESMS. RCBC responded that mechanisms for stakeholder engagement have been in place since 2017, during which no complaints have been received. The institution also expressed confidence in the adequacy of its current Environmental and Social Management System (ESMS). RCBC declined IFC's offer to support efforts to strengthen its ESMS implementation.</p>	<p>Mechanism (ETM-<a href="https://bit.ly/3XDo3YU">https://bit.ly/3XDo3YU</a>) debt package for ACEN's coal plant in Batangas. The South Luzon Thermal Energy Corporation (SLTEC) plant is one of 10 coal-fired power plants dealt with in this MAP.</p> <p>The 2025 CAO monitoring report shows that RCBC is failing to apply legally binding IFC PS requirements in its loan agreements for high-risk subprojects. In this context, it raises questions about whether the SLTEC ETM financing and other high risk transactions are subject to the safeguards IFC requires. Without the implementation of robust safeguards, RCBC's investments in renewables, or in repurposing coal plants for new, unproven technologies without adequately assessing or mitigating their environmental and social impacts, could exacerbate harms to people and planet.</p> <p>At the same time, the SLTEC ETM demonstrates that early retirement of coal plants is financially and operationally feasible. The fact that RCBC can mobilize financing for the phaseout of SLTEC by 2030 reinforces the potential for similar mechanisms to be pursued for other coal plants that continue to</p>	<p>Performance Standards to high-risk sub-projects, resulting in continuing non-compliance with para. 45 of the IFC Sustainability Policy.</p>
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		<p>impact the communities across all sites.</p> <p>The current situation underscores the risks CAO identified in the recent monitoring report: RCBC's noncompliance directly undermines the protection of communities and the environment, while leaving the same communities without the safeguards that should have been in place since 2011. It is alarming that IFC has not leveraged its position to ensure that RCBC strengthens its ESMS or applies the PS as legally required.</p> <p>This workstream remains a foundation for the entire MAP. Without a functioning ESMS and a legally binding PS agreement in RCBC's high-risk lending, the remedial actions required under [workstreams] B and C are significantly undermined.</p>	
<b>Status: Open</b>			
<b>Implementation Rating:</b>		<p><b>Partially Implemented</b></p> <p>IFC (i) completed the assessment of RCBC's ESMS, (ii) obtained RCBC commitment to no coal financing; (iii) completed assessment of RCBC's existing high-risk portfolio of sub-projects; and (iv) obtained RCBC commitment to the MAP with a revised ESAP.</p> <p>IFC did not achieve RCBC's commitment to incorporate PS requirements in a binding agreement for high-risk sub-projects.</p>	

**Status and Effectiveness Rating:****Not Effective**

Available evidence does not indicate that RCBC is implementing an ESMS that effectively assesses and mitigates E&S risk of RCBC's medium to high E&S risk sub-projects.

## CAO Non-Compliance Finding #2

### November 2021

Adverse E&S impacts of the RCBC funded coal-fired power plants that CAO concludes to be likely or rather likely are of a significant nature and require urgent assessment and mitigation following IFC's Performance Standards.

IFC's response to the issues raised in Complaint has not provided assurance that the client has applied IFC E&S requirements to the coal-fired power plants it financed as required by the ESRP (2014, para. 9.2.5).

<b>IFC Response and/or Commitments in Response</b> February 2022	<b>IFC Reported Implementation</b> November 2025	<b>Complainants' Observations</b> December 2025	<b>CAO Observations</b> January 2026
<p>IFC committed to assess and mitigate the E&amp;S risks and impacts of complaint-related subprojects, as follows: IFC committed to a series of actions to address complaint sub-project GHG emissions and improve climate-related disclosure.</p> <ul style="list-style-type: none"> <li>• Action B.1: Gap analysis of RCBC E&amp;S due diligence and leverage</li> <li>• Action B.2: Community and other stakeholder consultations</li> <li>• Action B.3: Sub-project sponsor (power plant operator) engagement</li> </ul>	<p>IFC reports no progress in this workstream since IFC's 3rd Management Progress Report (MPR) (November 2024).</p> <p>The third MPR stated that B.1-B.4 were considered closed and B.5 subject to further agreement with RCBC.</p> <p>Site visits and stakeholder engagements for all ten Sub-Projects (including site tours to four participating Sub-Projects) were conducted. Ten individual Gap Analysis reports were finalized, incorporating comments from CAO,</p>	<p>Progress under this stream has been slow and frustrating, and IFC are yet to deliver any tangible actions that would mitigate the impacts of the coal plants on communities. After several years and lots of money spent, with complainants and representatives contributing time and resources to the Gap Analysis studies, IFC and RCBC have refused to disclose the findings to complainants or CSOs (<a href="https://bit.ly/3MGU6Vo">https://bit.ly/3MGU6Vo</a>). These documents contain vital environmental and social information which is central to the ability of complainants to advocate specific remedial solutions.</p> <p>Complainant representatives</p>	<p>IFC commissioned a consultant to complete 10 gap analysis reports for the 10 power plants. CAO acknowledges IFC's efforts in completing these reports, which included visiting four power plants (and efforts to visit more), facilitating 20 stakeholder engagement meetings, obtaining additional E&amp;S assessment documentation, and conducting a report review process. Across the 10 reports, IFC's consultant noted 43 community and complainant issues are attributed or likely attributed to the power plants and made 186 recommendations.</p>

<ul style="list-style-type: none"> <li>• Action B.4: Mitigation and monitoring plan development for relevant power plants</li> <li>• Action B.5: E&amp;S performance monitoring</li> </ul>	<p>complainants and their representatives, RCBC, and IFC.</p> <p>Complainants and their representatives reviewed draft Executive Summaries of the gap analysis reports and IFC facilitated a 2nd round of review for two (as a sample) revised drafts. However, RCBC disagreed with the consultant's findings and recommendations and opposed disclosure of the final reports including the Executive Summaries, citing data privacy law and confidentiality agreements with its clients and IFC.</p> <p>IFC requested RCBC to consider redactions as a basis for disclosure and provided it with a redacted version of one of the final executive summaries for it to consider. RCBC has rejected the option of redactions in writing and reiterated its concerns around confidentiality matters.</p> <p>IFC reports that as RCBC disagreed with the consultant's methodology and all recommendations, including mitigation plans and monitoring, Action B.5 cannot be completed.</p>	<p>lodged an appeal with the IFC's Access to Information Advisor, which was denied, and subsequently submitted a further appeal to the Access to Information Appeals Panel on November 18, 2025.</p> <p>Since the completion of the Gap Analysis studies, we have seen no further progress from IFC in efforts to mitigate the impacts of the subprojects. IFC has regularly cited the noncompliance of RCBC as a barrier to efforts to deliver remedy. We have not seen efforts from IFC to engage project co-sponsors, and indeed this has been left to complainants to achieve (<a href="https://bit.ly/49UHLXr">https://bit.ly/49UHLXr</a>).</p> <p>Complainant representatives have continued to meet with IFC at the Spring and Annual Meetings, and have urged Management to pursue a 'One World Bank Group Approach' to remedy. This would entail IFC collaborating with IBRD and the Government of the Philippines to deliver programs that would address the impacts of the sub-projects on the health, livelihoods, living standards, and resettlement of affected communities, as well as mitigating air and water pollution and supporting the early retirement of several of the coal plants. Complainants remain hopeful that</p>	<p>As noted by IFC, RCBC disagreed with the consultant's findings and recommendations and opposed disclosure of the final reports including the Executive Summaries. Accordingly, while IFC has devoted significant resources to completing these power plant assessments, there is currently no prospect of any action being taken in relation to the issues the reports identify or the recommendations. Furthermore, as RCBC has declined to disclose the reports, the complainants and affected communities do not have IFC's assessment of the power plant impacts.</p> <p>Taken together, while IFC has devoted significant staff and financial resources to the implementation of this MAP workstream, the outcome is no material improvement for the complainants and affected communities of the 10 power plants.</p>
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		<p>this approach may bear fruit, and are awaiting a response from WBG management on how to take this forward.</p> <p>We continue to view the RCBC case as an important test case for IFC's ability to translate commitments made in its recent Remedial Action Framework into tangible remedial solutions for affected communities, and look forward to working with IFC to achieve this.</p>	
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**Status: Open**

<p style="text-align: center;"><b>Implementation Rating:</b></p>	<p><b>Partially Implemented</b>          IFC (i) completed gap analysis of RCBC E&amp;S due diligence and leverage of the 10 coal power plants; (ii) ensured as part of the gap analysis there were community and other stakeholder consultations; (iii) took action to obtain E&amp;S information regarding the power plants.</p> <p>While the gap analysis reports prepared mitigation plans to address identified E&amp;S risks and impacts of the coal fired power plants, there is no evidence that these were communicated to the power plants.</p> <p>As RCBC disagreed with the gap analysis reports and no actions were implemented, IFC has not implemented a monitoring program of E&amp;S performance of the coal plants, including follow up and/or monitoring plans for the plants.</p>
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<p style="text-align: center;"><b>Effectiveness Rating:</b></p>	<p><b>Not Effective</b>          Available evidence indicates that none of the mitigation measures to address the identified E&amp;S risks and impacts of the coal fired power plants have been implemented at the sub-project level.</p>
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Further, none of the gap analysis reports were shared with the complainants and/or project affected communities.

Taken together, implementation of this MAP action has not (i) shed light for complainants on the E&S risks and impacts of the power plants (as final gap analysis reports not shared with them) and (ii) realized implementation of any of the 186 recommendations to mitigate and address E&S risks and impacts of the coal fired power plants (based on available evidence).

### **CAO Non-Compliance Finding #3**

#### **November 2021**

Shortcomings in IFC's review and supervision of its investments in RCBC have contributed to an outcome whereby RCBC has co-financed the construction of multiple coal-fired power plants which emit a significant amount of CO<sub>2</sub>, without significant evidence that they will operate in accordance with IFC's requirements to reduce greenhouse gas emissions.

<b>IFC Response and/or Commitments in Response</b>	<b>IFC Reported Implementation</b>	<b>Complainants' Observations</b>	<b>CAO Observations</b>
February 2022	November 2025	December 2025	January 2026

<p>IFC committed to a series of actions to address complaint sub-project GHG emissions and improve climate-related disclosure.</p> <ul style="list-style-type: none"> <li>• Action C.1: Onsite energy efficiency evaluation at RCBC-financed power plants</li> <li>• Action C.2: Improving climate-related measurement and disclosure</li> <li>• Action C.3: Improving overall E&amp;S disclosure</li> </ul>	<p>IFC reports no progress in this workstream during this period since IFC's 3rd Management Progress Report (MPR) (November 2024).</p> <p>The third MPR stated that C1-C3 were considered closed or completed.</p> <p>No sub-projects agreed to participate in the GHG Study due to confidentiality and disclosure concerns. Therefore, no improved climate-related disclosure (which was intended to be drawn from the energy efficiency evaluation and GHG emission study) for participating sub-projects has been made.</p> <p>RCBC also declined to develop a new methodology for calculating and reporting GHG emissions for its sub-project borrowers (high GHG emitters) as it had already signed up for the Partnership for Carbon Accounting Financials (PCAF) under which it is to assess and disclose the GHG emissions associated with its financing activities.</p>	<p>Complainants were informed in June 2024 that, despite several sub-projects initially agreeing to participate in the GHG emissions study, actions C.1 and C.2 had been cancelled owing to concerns around the public disclosure of the results. As with other actions under this MAP, it is highly disappointing that the non-co-operation of the subprojects and of IFC's client, citing somewhat spurious claims that these actions would lead to the disclosure of commercially sensitive information, has resulted in the unilateral cancellation of these actions. No alternative remedial measures were proffered by IFC. Nonetheless, we remain hopeful that continuing discussions around a One World Bank Group approach to remedy in this case may present opportunities to address GHG emissions from coal-fired power plants in the Philippines. Furthermore, we hope that IFC will learn important lessons from this case on how to maintain leverage with financial intermediary clients during the ongoing update to its Sustainability Framework.</p>	<p>The power plant operators have not participated in IFC's action to address GHG emissions from the sub-projects named in the complaint. As a result, these power plants will continue to emit significant amounts of GHG emissions for decades to come and/or forgo an opportunity to enhance their energy efficiency.</p>
<b>Status: Open</b>			
<b>Implementation Rating:</b>		<p><b>Not Implemented</b></p> <p>RCBC reported to IFC that it independently signed up for the PCAF (Partnership for Carbon Accounting Financials) in September 2021 and is the first Philippine bank to participate in PCAF. RCBC already has an approach and methodology that is internationally acceptable for a bank.</p>	

	<p>RCBC began disclosing its GHG emissions in May 2023, a year in advance of its PCAF commitment to disclose.</p> <p>In relation to GHG assessments of the coal fired power plants, none of the power plants committed to this assessment. Accordingly, actions related to this aspect of the MAP were not implemented.</p>
<p><b>Effectiveness Rating:</b></p>	<p><b>Not Effective</b></p> <p>The power plant operators have not participated in IFC’s action to address GHG emissions from the sub-projects named in the complaint. As a result, these power plants will continue to emit significant amounts of GHG emissions for decades to come and/or forgo an opportunity to enhance their energy efficiency.</p>

## Panama Transmission Line [PL IV-01/Multiple Locations](#),<sup>26</sup> Panama: Project-level Actions

### Case Summary

IFC advised Panama's state-owned transmission company, Empresa de Transmisión Eléctrica, S.A. (ETESA), on the structure and tender of its first public-private partnership project – to finance, construct, and operate a 330-km transmission line project, Transmission Line IV (PL IV), in northern Panama. IFC initially acted as transaction advisor to ETESA in 2017–2018 for the transmission line project's first tender but the bids did not satisfy requirements. In 2020, IFC and ETESA signed a Transaction Advisory Services Agreement (TASA) committing the client to “make best efforts” to apply IFC Performance Standards (PS) to the transmission line project's design and implementation. From November 2020 to March 2024, IFC advised the Government of Panama (GoP) on a second tender process, which was not completed. In 2022, the TASA agreement expired. The IFC Advisory Services (AS) project ended in 2024, and the Transmission Line IV (PL IV) project has been deprioritized by the GoP.<sup>27</sup>

In June 2018, CAO received a complaint from Indigenous community members supported by local, national, and international NGOs. The complainants alleged that building the transmission line would affect Indigenous communities in the project vicinity by displacing them from their land and destroying local biodiversity and livelihoods outside and inside the Comarca Ngöbe-Buglé, a government-recognized Indigenous territory. They also raised concerns about ETESA's consultation process with Indigenous communities in the Ño Kribo region of Comarca Ngöbe-Buglé, and alleged that Indigenous communities from Norte de Santa Fé in Veraguas province, whose territory is not officially recognized by the Government of Panama, had not been consulted.

CAO's compliance investigation reviewed IFC's advice to ETESA, particularly in relation to the process of Free, Prior, and Informed Consent (FPIC) and engagement with affected Indigenous Peoples. Finalized in March 2022, the investigation found that IFC's advice to ETESA partially met the requirements of IFC Performance Standard 7 (Indigenous Peoples). CAO concluded that IFC had helped move the development of the PL IV project toward alignment with PS requirements for consultation with Indigenous Peoples. However, CAO also found that IFC's advice to ETESA fell short on: (a) the exclusion from the FPIC process of several Indigenous communities, including those from the Norte de Santa Fé region and the Annex Areas in the Bocas del Toro province; and (b) the design of a consultation process that is insufficiently inclusive of traditional authorities, project-affected communities, and women.

### CAO Monitoring and Status

In June 2022, the IFC Management Action Plan (MAP) in response to CAO's compliance investigation was approved by the IFC Board. The MAP included actions for IFC to support ETESA in relation to: (i) the engagement with Indigenous Peoples (IPs) in the area of influence of the PL IV project, living both in officially recognized territories known as Comarcas as well as outside of them; (ii) inclusive, informed consultations through a robust participatory process; and (iii) a process to obtain Free, Prior, and Informed Consent (FPIC). During the monitoring period between 2022 and 2025, IFC completed four

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<sup>26</sup> CAO case information available at: <https://officecao.org/PLIV-01>.

<sup>27</sup> Fourth IFC Management Progress Report available at: <https://officecao.org/495u3k2>.

Management Progress Reports and CAO completed four Monitoring Reports regarding the PL IV Advisory Services project.

In its first monitoring report in May 2023, CAO noted that IFC had completed the two project-level MAP actions—a letter to ETESA and a workshop—but persistent shortcomings in the project’s Environmental and Social Impact Assessment (ESIA) and Free, Prior, and Informed Consent (FPIC) process remained. Indigenous communities, especially those outside Comarca Ngöbe-Buglé, continued to be excluded from meaningful consultation. During its May 2023 monitoring mission, CAO confirmed that ETESA’s draft ESIA was completed without IFC’s recommended engagement with Indigenous communities, and that no progress had been made toward planning or implementing the FPIC process. IFC’s November 2023 Progress Report acknowledged the ESIA was inconsistent with the Performance Standards, inaccurately claimed compliance, and failed to incorporate IFC’s advice.

In March 2024, ETESA held public forums to present the ESIA findings in La Chorrera, Las Marias, Calovébora, and in Comarca Ngöbe-Buglé. However, the complainants stated that these forums should not be considered part of the FPIC process, as they presented the project but offered little explanation of the impacts or opportunity for participants to engage. CAO’s second monitoring report in May 2024 noted that IFC had escalated concerns to senior management and the World Bank Group President, but the advice had still not influenced ETESA’s ESIA process. In July 2024, the complainants communicated to CAO and IFC that riot police forcibly displaced hundreds of Ngöbe families, burned houses, killed domestic animals, destroyed subsistence crops, and detained around 90 Indigenous people in Chiriqui and Bocas del Toro. To date, they continue calling for the Government of Panama to investigate and end the intimidation of Indigenous Peoples.<sup>28</sup>

In its third Progress Report (September 2024), IFC reiterated unresolved deficiencies in the ESIA—including poor stakeholder mapping, inadequate information for Indigenous Peoples, incorrect definition of the project’s area of influence, and weak baseline data.

In January 2025, IFC learned from ETESA’s new administration that the PL IV project had been deprioritized, as they were focusing on enhancing its existing transmission network (Lines I, II and III). A month earlier, ETESA requested the Ministry of Environment (MoE) to withdraw the ESIA from the evaluation process and the MoE confirmed its withdrawal.<sup>29</sup> ETESA informed IFC that if the project were to be restarted, a new ESIA approval process would be needed. With the deprioritization of the project, and expiration of IFC’s advisory role in March 2024, IFC and ETESA agreed to conclude IFC’s AS engagement on the project.

As noted in IFC’s fourth Progress Report (July 2025), IFC has concluded its implementation of the MAP, given the completion of IFC’s commitments in the MAP including commitments made in the statement to the Board, the 2022 expiration of the Transaction Advisory Services Agreement (TASA) signed between

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<sup>28</sup> More information on these events can be found here: <https://bit.ly/3DO2OgJ>, <https://bit.ly/3Xwr9yg>, <https://bit.ly/4hMPx5M> (minute 30:34) CIEL statements can be found here: <https://bit.ly/4sDqo4b> and here: <https://bit.ly/43UdBQX>.

<sup>29</sup> 2025. ETESA retira el estudio de impacto ambiental de la Cuarta Línea de Transmisión. April 9, 2025. La Estrella Panamá. Available at: <https://bit.ly/49FNgr7>.

ETESA and IFC, the conclusion of IFC's Advisory role in March 2024, and ETESA's recent decision to deprioritize the PL IV project.

CAO recognizes IFC's efforts from June 2022 to April 2025, providing advice on stakeholder engagement and the FPIC process for the PL IV project in order to improve the ESIA process. However, CAO remains concerned that IFC's advice was ultimately not reflected in the client's work and the significant risks of failing to achieve intended E&S objectives in the project's ESIA and FPIC processes remain unaddressed should the project be restarted.

CAO considers that IFC has implemented all project-level MAP actions without achieving the expected outcomes (see table below). Despite IFC's consistent advice to ETESA on the ESIA process, the advice was not implemented. Given the deprioritization of the PL IV project, the withdrawal of the ESIA, the conclusion of IFC's MAP implementation, IFC has confirmed that there is no reasonable expectation of further action. CAO has decided to close its monitoring of IFC project-level actions, under CAO Policy para. 145(b). Separately, CAO is waiting for additional information regarding one systemic action, which remains open.

## Panama: PL IV-01/Panama

CAO Investigation Report: <https://bit.ly/3y3W772>  
 IFC Management Response & MAP: <https://bit.ly/4b1evvl>  
 IFC First Progress Report: <https://bit.ly/3UqAwgj>  
 CAO First Omnibus Report: <https://bit.ly/3QuDu2l>  
 IFC Second Progress Report: <https://bit.ly/4dmHhbO>  
 CAO Second Omnibus Report: <https://bit.ly/4kvTPBm>  
 IFC Third Progress Report: <https://bit.ly/4bxC6p0>  
 CAO Third Omnibus Report: <https://bit.ly/49rOQwV>  
 IFC Fourth Progress Report: <https://officecao.org/4a9pKVq>

### **CAO Monitoring Action #2<sup>30</sup>** **February 2022**

IFC committed to this action regarding regular meetings with complainants following an IFC Board of Directors discussion, not in response to a specific project-related non-compliance identified by CAO.

<b>IFC Response and/or Commitments in Response</b> May 2022	<b>IFC Reported Implementation</b> November 2025	<b>Complainants' Observations</b> December 2025	<b>CAO Observations</b> December 2025
<b>Action C.1:</b> To provide feedback to the complainants, IFC will send a letter within 30 days of MAP approval, outlining which suggestions have been taken on board and explaining why others cannot be incorporated. IFC will also propose a follow-up	C.1 Outcome 1: Completed on July 11, 2022. C.1 Outcome 2: Completed on August 4, 2022. C.1 Outcome 3: Completed on March 2025.	The complainants recognize the value of the exchanges with IFC and note that substantial time and effort have been invested in building a relationship of mutual understanding and trust.	IFC has maintained communication with the complainants and their representatives, meeting with them five times from 2023 to 2025 (virtually and in person) during the monitoring of the MAP. Both parties have recognized the effort and value of such exchanges towards

<sup>30</sup> CAO Monitoring Action #1 was closed with a partially unsatisfactory rating in CAO's second omnibus report.

<p>meeting, within 30 days, to go over the letter's contents with the complainants.</p> <p>Outcomes [Staff written statement commitments]:</p> <ol style="list-style-type: none"> <li>1. IFC's written response to the complainants' suggestions on the MAP.</li> <li>2. IFC meeting with the complainants to explain IFC response to complainants' suggestions on MAP.</li> <li>3. IFC meeting with complainants to request feedback every six months to coincide with progress reporting to the Board.</li> </ol>	<p>IFC's Advisory Services project team held five substantive meetings with the complainants, one in-person (March 2023) and four virtually (January 2023, July 2023, May 2024, and March 2025), including with IFC Management.</p> <p>In October 2024, the complainants reached out to IFC and CAO to share incidents of threats and reprisals against Ngöbe Indigenous communities located in Bocas del Toro in July-October 2024. Since then, IFC has been receiving updates from the complainants and CAO about the security situation and risk concerns on the ground, including the latest Inter-American Commission of Human Rights (IACHR) hearing that took place on November 20, 2025.<sup>31</sup></p> <p>In response, IFC has since been actively assessing reprisal risks in both their current and future engagements in Panama, and the communication channels between IFC, the complainants, and CAO remain open. IFC has also been following the complainants' submission before the IACHR, as well as following up with ETESA on the related E&amp;S complaints.</p>	<p>However, the withdrawal of IFC's presence and support jeopardizes this progress, leaving communities vulnerable and apprehensive about their future.</p> <p>See Complainants complete observations below.</p>	<p>the building of mutual understanding and trust.</p> <p>In March 2025, IFC communicated to the complainants regarding the end of IFC's Advisory Services to the PL IV project given ETESA's deprioritization of the project, as well as the end of IFC's recurring interactions with the complainants under this MAP action. IFC noted they will still keep the communication channels open between IFC, CAO, and the complainants.</p> <p>IFC submitted a total of four Management Progress Reports to the Board, CAO, and the complainants from December 2022 to July 2025. In July 2025, IFC completed its fourth and last Management Progress Report.</p> <p>In light of the above, CAO considers that IFC has effectively implemented this action and has decided to close its monitoring of this project-level action.</p>
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<sup>31</sup> Complete video of the Inter-American Commission of Human Rights (IACHR) hearing on November 20, 2025, <https://bit.ly/4srtIF0>, and summary of the IACHR hearing: <https://bit.ly/45uttJX>.

	<p>In the last meeting with the complainants in March 2025, IFC explained that ETESA decided to deprioritize the project, and that IFC's Advisory Services engagement on the project had concluded. During the call, the complainants reiterated their ongoing concerns regarding risk of reprisals, and the importance of ETESA to publicly communicate the decision to deprioritize the project. IFC, in response, communicated in a meeting and sent a letter to ETESA in April 2025 recommending that they inform the IP communities within the project's area of influence that the project would not continue in the near future. The aim of such a communication would be to alleviate some of the IP communities' concerns and adequately manage community relations between ETESA and the IP communities. IFC did not record a response from ETESA to this recommendation.</p>		
<b>Status:</b> Closed			
<b>Implementation Rating:</b> <b>Implemented</b> IFC and the complainants met five times, both in person and online, from 2022 to 2025 during IFC's MAP implementation.			
<b>Effectiveness Rating:</b> <b>Effective</b> IFC met continuously with the complainants and their representatives, updating them about the MAP monitoring and receiving updates from the complainants about the security situation on the ground. Both parties			

recognized the value of these exchanges, and the substantial time and effort invested in building a relationship of mutual understanding and trust.

## CAO Monitoring Action #3 February 2022

IFC's MAP action below was not made in response to a specific non-compliance finding by CAO. Instead, IFC committed to this action related to the project E&S Impact Assessment (ESIA) following an IFC Board of Directors discussion.

IFC Response and/or Commitments in Response May 2022	IFC Reported Implementation November 2025	Complainants' Observations December 2025	CAO Observations December 2025
<p><b>Actions D.1/E.1:</b> As part of IFC overall engagement with ETESA, IFC will review the outputs of the ESIA process, starting with the consultant's work plan, to provide recommendations on closing PS gaps. IFC advice will include recommending supplemental consultant expertise and/or resources as necessary to carry out the ESIA in accordance with the PS and achieve FPIC. IFC will continue advising ETESA on stakeholder engagement, PS7, and FPIC, and review the FPIC design documentation and outputs for consistency with the PS.</p> <p>Outcomes [Staff written statement commitments]:</p>	<p><b>Action D1:</b> D.1 Outcome 1: Completed on October 25, 2022. D.1 Outcome 2: Completed on September 24, 2022. D.1. Outcomes 3 and 4: Completed on July 2025.</p> <p>During the implementation of the MAP, IFC provided advice to its client consistent with the Sustainability Policy and the Performance Standards.</p> <ul style="list-style-type: none"> <li>In 2023, IFC reviewed and provided comments on ETESA's ESIA outputs, and The World Bank President and IFC's senior management met with the client to reiterate the importance of IFC's PSs and FPIC during the ESIA preparation. Specifically, IFC advised ETESA to develop a roadmap to: (1) continue the FPIC</li> </ul>	<p>The complainants express significant concern regarding the uncertainty surrounding the fourth transmission line project, emphasizing that it could be reprioritized by the Panamanian government at any time, particularly given the administration's focus on private-sector interests and the conclusion of IFC's Advisory Services project. They also note that communication regarding the project's deprioritization has come solely from IFC, with no official notice from ETESA, exacerbating feelings of uncertainty, insecurity, and mistrust—especially as company-led campaigns continue to</p>	<p>Since the MAP was approved, and despite the Transaction Advisory Services Agreement (TASA) expiration in June 2022 and the end of IFC's Advisory mandate in March 2024, IFC continued to engage with ETESA providing advice consistent with the Performance Standards until April 2025. In particular, IFC focused on providing advice in relation to PS1 and PS7, for the improvement of the ESIA, stakeholder engagement process, and FPIC implementation.</p> <p>While CAO recognizes IFC's efforts from June 2022 to April 2025, IFC's advice was not reflected in the client's ESIA work plan and deliverables of the ESIA process. The ESIA that was completed and published on the Ministry of Environment's (MoE) website—which included IFC-identified</p>

<ol style="list-style-type: none"> <li>1. IFC recommendations on E&amp;S consultant's first deliverable, E&amp;S consultant's work plan.</li> <li>2. IFC advice to ETESA on E&amp;S consultant technical capacity.</li> <li>3. IFC review and advice on additional outputs of the ESIA process.</li> <li>4. IFC request to ETESA to continue the discussion on engagement with Indigenous groups and IFC review and advice on additional ESIA process outputs.</li> </ol>	<p>process with Indigenous Peoples living inside the Comarca and align the process with PS7 requirements; and (2) commence an Informed Consultation and Participation process with Indigenous Peoples living outside the Comarca and set the basis for an FPIC process.</p> <ul style="list-style-type: none"> <li>• In 2024, the new Government of Panama took office, and ETESA requested the Ministry of Environment (MoE) to withdraw the ESIA from the evaluation process and the MoE website.</li> <li>• In January 2025, IFC learned from ETESA that the PL-IV project had been deprioritized, as it were focusing on reviewing its investment and operations program, and enhancing its existing network. In April 2025, IFC sent a letter to ETESA reiterating IFC's concerns regarding the E&amp;S aspects of the Project, including IFC's previous comments made on the draft ESIA and stakeholder engagement guidance, and recommended E&amp;S provisions for the draft PPP contract. In its letter, IFC strongly recommended that ETESA inform the IP communities that the Project</li> </ul>	<p>advocate for the project's advancement.<sup>32</sup></p> <p>There is heightened anxiety about the continuation of retaliation and intimidation tactics against Indigenous communities, which have reportedly escalated over the past year.<sup>33</sup> Without IFC's Advisory role and oversight, the complainants fear further silencing of Indigenous voices and their representatives. They also emphasize the substantial time and effort invested in building a relationship of mutual understanding and trust with IFC, and how the withdrawal of IFC's presence and support jeopardizes this progress, leaving communities vulnerable and apprehensive about their future.</p> <p>Regarding IFC's MAP and progress reports, the complainants reiterate that these processes have not course corrected the impacts experienced by Indigenous communities affected by the project. However, IFC's support through its Advisory Services has inadvertently</p>	<p>inaccuracies in its compliance with Performance Standards—has since been withdrawn. In addition, the Government of Panama's PPP Agency has not approved the tender documents, and no public bid for the project has taken place. However, with IFC's Advisory Services (AS) engagement on the PL IV project ending due to its deprioritization, complainants remain concerned that the project could be restarted without IFC's oversight or support.</p> <p>CAO notes that IFC's letter to ETESA reiterated IFC's concerns regarding the E&amp;S gaps of the project ESIA, including incorrect stakeholder mapping, insufficient information provided to communities, and the lack of an FPIC process with the IP communities. IFC also reattached the previous comments for ETESA's consideration and recommended ETESA to inform the IP communities that the project will not proceed in the near future. Lastly, IFC mentioned that if ETESA decided to restart the</p>
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<sup>32</sup> Economía, APEDE advierte: aplazar la cuarta línea de transmisión pone en riesgo la energía del país [APEDE warns: postponing the fourth transmission line puts the country's energy supply at risk], September 30, 2025, <https://bit.ly/4jngEH0>; and La Prensa, APEDE cuestiona decisión de aplazar construcción de la cuarta línea de transmisión eléctrica [APEDE questions the decision to postpone the construction of the fourth power transmission line], September 29, 2025, <https://bit.ly/4qlq0jo>.

<sup>33</sup> MODETEAB, MODETEAB Condemns Repression Against Indigenous Communities Amid Ongoing Social Mobilization in Panama, June 4, 2025, <https://bit.ly/3Nccq9e>; IC Magazine, Panama Government Declares Curfew, Uses Private Assets Against Indigenous Protesters, June 17, 2025, <https://bit.ly/3NtOJcx>; and MODETEAB, In commemoration of the International Day of the World's Indigenous Peoples, MODETEAB Demands that the Panamanian Government Cease All Forms of Repression and Respect the Rights of Indigenous Peoples in Panama, August 9, 2025, <https://bit.ly/4qCWKu2>.

	<p>will not proceed in the near future. However, IFC has no knowledge or expectation to receive information from ETESA concerning their interactions or information sharing with the IP communities.</p> <p>Given the completion of IFC's commitments in the MAP, the expiration in 2022 of the Transaction Advisory Services Agreement (TASA) signed between ETESA and IFC, the conclusion of IFC's Advisory role in March 2024, and ETESA's recent decision to deprioritize the Project, IFC has submitted the fourth and final Management Progress Report to the Board and has concluded its implementation of the MAP.</p>	<p>lent credibility to actors like CAMSA, now recognized as FPIC experts despite the CAO case. The higher E&amp;S standards brought by IFC serve as a competitive advantage, and its endorsement tends to legitimize projects and clients, and attract investors well beyond IFC's exit.</p> <p>In the complainants' view, despite IFC's promise to keep monitoring, IFC's disengagement from the project means that IFC brought the problem and left the problem. Management's decision to close their monitoring is viewed as a lack of commitment to responsible solutions upon project exit, regardless of IFC's role in enabling harm. The complainants stress the necessity for robust responsible exit policies to prevent such scenarios of unease and ambiguity.</p> <p>They recommend that IFC can still implement remediation measures, including:</p> <ol style="list-style-type: none"> <li>1. Providing training to affected Indigenous communities on their FPIC rights and processes, ensuring they are better prepared should the project proceed; and</li> <li>2. Issuing an apology and acknowledgment letter that addresses the impacts caused and identifies existing gaps in FPIC and</li> </ol>	<p>project and is committed to implementing the Performance Standards, IFC would be open to reengaging with ETESA. To date, the complainants have only received communication about the project's deprioritization from IFC, making them uncertain about the future.</p> <p>In this case, CAO concludes that IFC's responsibility to "help clients move towards greater consistency with the Performance Standards" particularly on stakeholder engagement and FPIC implementation with IP communities was not met despite IFC's consistent efforts. CAO's investigation concluded that shortcomings in IFC's advice to apply PS1 and PS7 provisions contributed to harm. During the MAP implementation, while IFC continuously provided advice consistent with the PSs, this was not taken on by the client. CAO notes the complainants' request for IFC to train affected Indigenous communities on their FPIC rights and processes, and to issue an apology and acknowledgment letter about the impacts caused and the remaining project gaps, in order to ensure there is remedial action regarding the project-level contribution of harm.</p>
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		<p>stakeholder engagement within the project design.</p> <p>Finally, despite limited trust in the current Panamanian government, MODETEAB has continued to engage with various governmental entities, including the Ombudsman, seeking an audience to discuss ongoing cases of retaliation against Indigenous communities.</p>	<p>After confirming that no further action can be expected from IFC, CAO closes this monitoring action as Not Effective, noting the significant risks that remain if the project is restarted without IFC's Advisory Services, due to the lack of PS7 compliance in the project's ESIA and FPIC process.</p>
<b>Status: Closed</b>			
<b>Implementation Rating:</b>		<p><b>Implemented</b></p> <p>IFC has continuously provided advice to ETESA in line with the Performance Standards. The advice was to be incorporated in the ESIA process and FPIC implementation.</p>	
<b>Effectiveness Rating:</b>		<p><b>Not Effective</b></p> <p>Despite IFC's consistent advice to ETESA on the ESIA process, the advice was not implemented and the risk remains that harm related to an inadequate FPIC process could materialize, should the project restart.</p> <p>However, given the deprioritization of the PL IV project, the withdrawal of the ESIA, the conclusion of IFC's MAP implementation, IFC has confirmed that there is no reasonable expectation of further action. CAO has therefore decided to close this action.</p>	

## Axzon-01/Ukraine: Project-level Actions

### Case Summary

In 2013, IFC supported the Ukraine expansion of Axzon, a pig farming and meat processing group also operating in Poland and Russia. Through its Ukrainian subsidiary Danosha, the company managed at the time approximately ten pig production farms, a biogas plant, and more than 11,000 hectares of agricultural land in the Ivano-Frankivsk region of western Ukraine. IFC exited its investment in Axzon in 2021.

In February 2014, communities from the villages of Deliyevo, Sivka-Voynylivska, and Lany in the Halych and Kalush districts of Ukraine, supported by the National Ecological Centre of Ukraine (NECU), filed a complaint with CAO. The complaint raised concerns about the social and environmental impacts of Axzon's operations, including land and water pollution, impacts on parks and natural areas, road infrastructure damage, odor, improper land use and compensation, lack of information disclosure and consultation, and alleged violations of national laws and IFC Performance Standards.

CAO found the complaint eligible in March 2014 and initiated an assessment. During CAO's assessment, the parties agreed to engage in a CAO-led voluntary dispute resolution process to address the issues raised in the complaint. Attempts at dispute resolution did not result in an agreement that addressed all the issues raised in the complaint, and the case was transferred to CAO's compliance function for appraisal in March 2017. A compliance investigation was launched in April 2018. In February 2022, during the investigation, Russia invaded Ukraine, prompting CAO to temporarily suspend its work on the case.

CAO's investigation was finalized in July 2025, making findings of non-compliance in relation to IFC's pre-investment E&S due diligence and project supervision of Axzon's operations. CAO's investigation found that IFC's due diligence did not examine E&S impacts and risks at the level of the client's individual facilities, and therefore did not sufficiently consider the specific operational circumstances in Ukraine. As a result, the Environmental and Social Action Plan (ESAP) action items were not tailored to country or site-specific conditions and proved ineffective in addressing the concerns experienced on the ground. In particular, key community and public health risks associated with Axzon's pig production operations in Ukraine were not sufficiently considered at due diligence.

CAO's investigation also found that IFC's supervision of the Axzon project did not adequately address recurring community concerns about E&S impacts and lacked disaggregated environmental monitoring data across facilities. This limited oversight contributed to insufficient management of environmental risks at the community level. Consequently, key issues, especially in the first five years of the investment, were not addressed in a timely manner, and communities potentially experienced negative impacts related to odor, wastewater, and carcass management.

At the project level, CAO recommended IFC to consider approaching its former client to offer advisory services to address community concerns and environmental shortcomings identified in the CAO investigation. In addition, CAO advised IFC to provide staff with clearer guidance on implementing the Environmental and Social Review Procedures (ESRP) for site-level risk and impact assessment and monitoring, and for addressing community issues in corporate loan investments.

In October 2025, IFC's Board approved a Management Action Plan (MAP) responding to CAO's findings and recommendations, including two actions that IFC considers completed. In its Management Report,

IFC stated that its due diligence was consistent with policies and practices in place at the time, though certain ESAP items could have been more specific. IFC acknowledged gaps in early-stage documentation and noted that monitoring and documentation improved since 2018, leading to better feedback loops and progress on E&S issues. IFC also mentioned that during consultations with communities, it expressed its willingness to continue listening to and engaging on complainants' concerns through World Bank Group activities in Ukraine.<sup>34</sup>

The MAP records that IFC reached out to its former client, but it declined IFC's offer of advisory services to address concerns raised in the CAO investigation. IFC's ability to influence remedial action was constrained by its 2021 exit from the investment, which ended its financial relationship with the client. In light of the client's decision not to engage with IFC advisory services following IFC's 2021 exit from the investment, CAO closes project-level monitoring under CAO Policy paragraph 145(b) as there is no reasonable expectation of further action. CAO notes that based on current information and without additional documented information, the E&S risks and associated potential harms to communities likely remain unmitigated in accordance with IFC's Performance Standards.

### **CAO Monitoring and Status**

The table below summarizes the non-compliance findings that CAO has been monitoring and provides the rationale for closing the monitoring of the project level MAP action. In preparing this table, CAO incorporated input from complainants. IFC indicated has no additional information to share beyond what is included in the MAP.

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<sup>34</sup> See paragraphs 54 and 55 of IFC's Management Response.

# Ukraine: Axzon-01/Halych and Kalush

CAO Investigation Report: <https://officecao.org/3WC6zvz>

IFC Management Response & MAP: <https://officecao.org/47x1qcY>

## CAO Non-Compliance Finding

July 2025

CAO found that IFC’s pre-investment review was not commensurate with the nature and scale of the business activity and the level of E&S risks (Sustainability Policy, paras. 22, 26, 27–28).

CAO found that IFC was not able to assess with confidence whether the project met Performance Standard 1, and found that for the first five years of IFC’s investment (2013-2018), IFC was not compliant with Sustainability Policy requirements to provide regular, adequate, and effective supervision (para. 45). IFC’s supervision of the client’s manure and wastewater management, and potential impacts related to air, water, and soil pollution at the three subject farms did not provide assurance that the client’s operations were being implemented in accordance with PS3, PS4, and GIIP, and with its responsibility under the PS Overview (para. 5) to comply with applicable national law.

In addition, CAO found IFC non-compliant with the requirement in the Access to Information Policy (para. 31(a)vi) for the ESRS to include electronic copies or web links to “any relevant” ESIA prepared by or on behalf of the client.

IFC Response and/or Commitments in Response September 2025	IFC Reported Implementation September 2025	Complainants' Observations December 2025	CAO Observations November 2025
<p>IFC approached its former client to explore the potential utilization of Advisory Services to respond to the issues raised by communities and identified in CAO’s investigation. The company declined further engagement with IFC. No further project level actions are proposed.</p>	<p>Completed July 2025</p>	<p>The MAP fails to reflect or address the urgent and concrete needs of the affected communities, the negative impacts and harm resulting from the IFC’s investments in industrial factory farming. The MAP ignores the findings of non-compliance and harm, including groundwater contamination, poor sanitation, no access to clean water, and substantial environmental and social impacts substantiated by CAO’s investigation.</p>	<p>CAO recognizes IFC’s efforts to re-engage with the client and offer Advisory Services to address the issues identified in the investigation. While CAO regrets the client’s decision to decline IFC’s services, it acknowledges that IFC’s ability to engage directly is constrained by the end of the financial relationship between IFC and the client in 2021.</p> <p>Considering this is an exited investment in which the client does not want to further engage with IFC, CAO closes the monitoring of this action as there is no reasonable</p>

		<p>Moreover, nothing in the MAP reflects the proposals from the complainants' inputs. IFC's deflection of responsibility by citing lack of client cooperation and avoiding direct remedy to impacted communities constitutes a serious breach of IFC's mandate to uphold environmental and social standards and human rights. This approach leaves vulnerable communities exposed to ongoing harm and neglect.</p> <p>Complainants' advisors visited the site in November 2025 and confirmed that environmental and social concerns persist in the villages where complainants live. They observed water shortages due to drying wells<sup>35</sup> and documented water quality issues, including elevated levels of alkalinity, calcium, nitrates, and iron.<sup>36</sup> The complainants also expressed concern about the company's potential expansion (specifically, the construction of an additional pig farm in the Dubovets'ka community), which they fear could</p>	<p>expectation of further action to address CAO investigation non-compliance findings.</p> <p>CAO notes that complainants continue to experience impacts documented in the CAO investigation and the action did not provide any concrete outcomes.</p> <p>CAO welcomes IFC's commitment to ongoing engagement with complainants' concerns, as mentioned in its Management Response.<sup>37</sup> IFC could, through a One WBG approach, work with the World Bank's public sector window to partner with local authorities and independent experts to implement public-sector-led, non-client-dependent measures that address CAO-identified harms and ongoing community concerns.<sup>38</sup></p>
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<sup>35</sup> Residents in several villages must travel outside their communities to obtain water or purchase bottled water for daily needs. Additional financing is urgently needed to ensure reliable access to safe drinking water for local communities.

<sup>36</sup> On October 30 and 31, 2025, the complainants' representatives commissioned Ukrkhimanalysis to collect 10 water samples in villages of the Voynylivska community (Sivka Voynylivska, October 30) and the Dubovets'ka community (Deliyeve, Lany, and Vodnyky, October 31). Samples were drawn from wells, surface watercourses, boreholes, and water pipelines. Analyses of well samples indicated elevated levels of alkalinity, calcium, nitrates, and/or iron. The complainants' representatives note that these exceedances may reflect a combination of natural factors and local economic activities, including Good Valley's farming operations.

<sup>37</sup> See paragraphs 54 and 55 of IFC's Management Response.

<sup>38</sup> Such as access to drinking water, pollution monitoring, and road traffic impacts on houses and public infrastructure.

		<p>exacerbate existing environmental impacts.</p> <p>The level of the company's lack of engagement with the local communities and information flow remains worrisome. Following the site visit, the representatives' primary recommendation is to establish a comprehensive, routine water-monitoring program and to develop safe, reliable water-supply systems for the affected villages. The ongoing stakeholder engagement and consultations with local communities are necessary to ensure that their needs and concerns are adequately addressed.</p>	
<b>Status:</b>		<b>Closed</b>	
<b>Implementation Rating:</b>		<p><b>Implemented</b></p> <p>IFC engaged with its former client to explore providing Advisory Services to address complainants' concerns. While CAO regrets the client's decision to decline IFC's services, it acknowledges that IFC's ability to engage directly is constrained by the end of the financial relationship between IFC and the client in 2021.</p>	
<b>Effectiveness Rating:</b>		<p><b>Not Effective</b></p> <p>As the client declined IFC's offer for Advisory services, risks and potential harm identified in CAO's investigation remain materially unmitigated.</p>	

## 4 CAO Monitoring of IFC/MIGA Systemic-level Actions

### Introduction

This section summarizes CAO’s monitoring of IFC’s implementation of systemic actions related to the cases in this Omnibus Monitoring Report. IFC committed to these institution-wide actions in response to five compliance investigations under review for this report: CIFI -01, Guatemala; Bidco-01 & -04, Kenya; Myanma Awba Group Company Ltd.-01, Myanmar; Panama Transmission Line IV (PL IV)-01, Panama; and Axzon-01, Ukraine.

CAO has decided to keep open its monitoring of the following seven IFC commitments to address systematic issues raised by CAO investigations. The table below presents a more detailed summary of IFC’s reported implementation of the systemic-level commitments under review in this report, CAO’s related observations, and the status of each action:

**Table 5: CAO monitoring of IFC Systemic-level actions**

Case	IFC/MIGA Systemic-level Commitment	Implemented	Effective	CAO Monitoring Status and Rationale
CIFI -01	IFC Approach to Responsible Exit	Implemented	Not Yet Evaluable	Open. IFC Approach to Responsible Exit was published in October 2024 and implementation has commenced.
	Develop Guidance on Incident Response for FI clients	Implemented	Not Yet Evaluable	Open. IFC FI tipsheet on incident response was finalized in October 2025 and implementation has commenced.
	IFC procedures to respond to FI incidents	Implemented	Not Yet Evaluable	Open. IFC updated its ESRP to include a section on responding to significant adverse E&S events and implementation has commenced.
	Social specialist support for review of complex FI portfolios.	Implemented	Not Evaluable	Closed. This action is Not Evaluable as IFC does not track FI investments where it includes a social specialist as a necessity
Bidco -01 and -04	Improve identification of labor issues, including Labor Handbook	Partially Implemented	Not Yet Evaluable	Open. Updated version of Labor Handbook is pending finalization.
	Revise Labor Handbook	Not Yet Implemented	Not Yet Evaluable	Open. Updated version of Labor Handbook is pending finalization.

Myanma Awba -01	Guidance for IFC staff on change of investment scope	Implemented	Not Evaluable	Closed. Effectiveness of this action is Not Evaluable within a reasonable period of time.
PL IV -01	IFC staff procedures and guidance for Advisory Services	Implemented	Effective	Closed. Available evidence indicates that IFC has effectively implemented this action.
	Mainstream contextual risk analysis in Advisory Services projects	Partially Implemented	Not Yet Evaluable	Open. IFC Good Practice Note on Contextual Risk Screening is pending finalization.”
Axzon -01	Update IFC staff procedures to enhance risks and impacts assessment at site level and guidance on corporate loans	Implemented	Not Yet Evaluable	Open. IFC recently commenced implementation of this action.

## CIFI-01/Guatemala: Systemic-level Actions

<b>IFC Commitments in Response</b> April 2020	<b>IFC Reported Implementation</b> November 2025	<b>CAO Observations</b> March 2026
<p>Review IFC’s investment operations, policies, and procedures as they relate to aspects of exit and define IFC’s approach to “responsible exit.”</p> <p>Cross-functional working group from equity and debt portfolio teams, special operations, environmental and social, and legal to develop an overview of current policies, procedures, and operations with regard to IFC decisions to exit an investment. Working group to review opportunities for procedural enhancements to consider aspects of environmental and social impacts when IFC seeks to proactively exit investments.</p> <p>Review summary to be completed by December 31, 2020.</p>	<p>IFC presented the draft responsible exit principles to CODE at a February 2022 informal CODE meeting, where it committed to subject the principles to public consultation and to conduct a pilot on a subset of projects. A public consultation of the draft responsible exit principles was conducted in February - April 2023 and a pilot launched from June 2022 - June 2023 to test how the principles were applied in concrete cases. IFC collected feedback from the public consultation sessions, from written submissions and from experiences during the pilot. In addition, IFC also reviewed the CAO Landscape Study on Responsible Exit (Jan 2023). IFC considered these inputs.</p> <p>The IFC Approach to Responsible Exit, (principles <a href="#">publicly available at this link</a>) applies to all investments made by IFC as lender or investor of record. IFC is currently implementing the Approach and is rolling out training, guidance, and procedural updates to facilitate implementation. To date, IFC noted that no particular challenges beyond regular system and clarification issues and that it is too early to draw any conclusions on when and if an update will be required.</p> <p>While IFC will continue to evaluate and enhance the implementation of all its systems, IFC considers the actions committed in response to</p>	<p>IFC reports that it is implementing its Approach to Responsible Exit (effective 30 September 2024). Given that IFC has only recently commenced implementation of this approach, it is too early for CAO to verify effective implementation. Accordingly, CAO has decided to keep its monitoring of this action open.</p> <p>CAO notes the significant time that has passed since IFC’s original deadline to commence implementation (December 31, 2020).</p>

	<p>this case as fully implemented, and mainstreamed in IFC's operations.</p>	
<p><b>Status: Open</b></p>		
<p><b>Status and Implementation Rating:</b></p>		<p><b>Implemented</b>          IFC developed an Approach to Responsible Exit following a public consultation process and engagement with World Bank Board members. IFC commenced implementation of this approach on September 30, 2024</p>
<p><b>Status and Effectiveness Rating:</b></p>		<p><b>Not Yet Evaluable</b>          Sufficient time has not yet passed for CAO to determine the effectiveness of IFC's implementation of this systemic action. CAO will seek to review a sample of IFC investments in which IFC implements this approach.</p>
<p><b>IFC Commitments in Response</b>          April 2020</p>	<p><b>IFC Reported Implementation</b>          November 2025</p>	<p><b>CAO Observations</b>          March 2026</p>
<p>Develop Guidance on Incident Response for financial intermediary (FI) clients.</p> <p>FI client staff need appropriate procedures and guidance to fulfill the Sustainability Policy requirement for "FIs to carry out individual transaction appraisal and monitoring as well as overall portfolio management."</p> <p>Guidance to be developed for FI clients to enhance the support provided them in responding to and dealing with E&amp;S incidents associated with their sub-project loans and investments. The guidance will outline good practice in responding to incidents.</p> <p>Guidance to be issued by July 31, 2020.</p>	<p>The FI tipsheet on incident response was finalized in October 2025, and is available to IFC E&amp;S staff. IFC will be provided to IFC FI clients during due diligence to aid the implementation of their incident response procedures.</p> <p>As the guidance was recently finalized, IFC noted that it is too early to provide information on its implementation.</p>	<p>IFC reports that it finalized a FI Incident Response tipsheet (October 2025). This is available to IFC E&amp;S staff and will be shared with IFC FI clients during due diligence.</p> <p>Given that IFC has only recently commenced implementation of this tip sheet, it is too early for CAO to verify effective implementation. Accordingly, CAO has decided to keep its monitoring of this action open.</p> <p>The original date for commencement of implementation of this action was July 2020.</p>

<b>Status: Open</b>		
<b>Implementation Rating:</b>		<b>Implemented</b> In October 2025, IFC finalized an FI tipsheet on incident response.
<b>Effectiveness Rating:</b>		<b>Not Yet Evaluable</b> Sufficient time has not yet passed for CAO to determine the effectiveness of IFC's implementation of this systemic action. CAO will seek to review a sample of IFC investments in which IFC implements this action.
<b>IFC Commitments in Response</b> April 2020	<b>IFC Reported Implementation</b> November 2025	<b>CAO Observations</b> March 2026
<p>Enhancement of IFC's E&amp;S Review Procedures (ESRP) to provide clear procedural guidance on IFC staff responsibilities and associated client responsibilities when FI clients report and respond to incidents associated with their subprojects.</p> <p>The current ESRP do not provide specific procedural guidance on incident response for FI clients.</p> <p>The ESRP are being updated to reflect evolution and improvements in practice and to reflect the organizational and procedural changes associated with the creation on July 1, 2020 of the E&amp;S Policy and Risk Department.<sup>39</sup> The revised ESRP will include specific procedures for incident response associated with FI subprojects and will consider if certain incident types should trigger enhanced monitoring effort by IFC of its FI client to support the FI's monitoring of its sub-project clients' response to</p>	<p>A complete overhaul of IFC's ESRP, which describe the process for E&amp;S risk management systems at IFC/MIGA, was initiated in November 2020 to update the content, reflect various organizational and business changes, and improve efficiency and effectiveness. The ESRP are accompanied by an ESRP Handbook that provides detailed implementation guidance to E&amp;S specialists on new business processing, portfolio monitoring, advisory services, and upstream advisory. The ESRP for new investment business and portfolio/supervision were rolled out in January 2022 and revised in May 2023 to include an additional chapter on Advisory and Upstream Advisory as well as to reflect the new Accountability and Decision-Making Framework (ADM) framework as of July 2022 and other adjustments. The ESRP Handbook for new business, portfolio/supervision and advisory has been developed as an online site accessible to E&amp;S specialists, which also includes various Tip</p>	<p>In 2023, IFC finalized a significant overhaul of its ESRP. In January 2025, IFC augmented its ESRP to include procedures for how to respond to incidents at the project and FI sub-project level.</p> <p>CAO notes that IFC's FI portfolio represents approximately 50% of IFC's total portfolio (FY24). Given that each FI investment expands IFC's exposure to a multiple sub-projects, it is unclear why this ESRP procedure has not been triggered for any IFC FI investments since its implementation in January 2025.</p> <p>The original date for commencement of implementation of this action was December 2020.</p> <p>CAO has decided to keep its monitoring on this open in order to verify effective implementation of this new procedure.</p>

<sup>39</sup> In 2025, the World Bank Group introduced a new integrated E&S structure of Makers and Checkers across the World Bank Group (including IFC and MIGA) with the objective of establishing a more robust system for proactive risk management. For further details see: <https://bit.ly/3PztreK>

<p>such incidents.</p> <p>Publication of revised ESRP by December 31, 2020.</p>	<p>Sheets that provide detailed “how-to” guidance on key ESRP aspects.</p> <p>In January 2025, IFC revised its ESRP to include a section on Responding to Significant Adverse E&amp;S Events. This section applies to IFC financed FI investments. IFC reports that no FI incidents have been tagged as “significant”, since the ESRP provisions have been implemented.</p>	
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**Status: Open**

<b>Implementation Rating:</b>	<p><b>Implemented</b></p> <p>In January 2025, IFC revised its ESRP to include a section on Responding to Significant Adverse E&amp;S Events. This section applies to IFC financed FI investments.</p>
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<b>Effectiveness Rating:</b>	<p><b>Not Yet Evaluable</b></p> <p>IFC's FI portfolio represents approximately 50% of IFC's total portfolio. While this ESRP provision became effective in January 2025, it is unclear why this ESRP procedure has not been triggered for any IFC FI investments.</p> <p>CAO will seek to review a sample of IFC investments in which IFC implements this action.</p>
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<b>IFC Commitments in Response</b> April 2020	<b>IFC Reported Implementation</b> November 2025	<b>CAO Observations</b> March 2026
<p>Social specialist support for review of complex FI portfolios.</p> <p>This has been practiced since 2016 but is yet to be codified in procedural requirements. This will be included in the revised ESRP.</p>	<p>This is consistent practice in PE funds exposed to higher risk activities. IFC's ESRP (2025) include provisions that for the Lead E&amp;S Specialist (LESS) to be supported by other team members when analytical support or complementary expertise is required.</p> <p>IFC's ESRP Tip Sheet on FI's (July 2025) includes provision for the IFC LESS to be</p>	<p>IFC reports that the ESRP are applied for both FI and direct investments. IFC revised its ESRP in January 2025. The revised ESRP provided for IFC to assign E&amp;S staff based on a project's technical, sectoral and regional issues, and this can be supplemented by additional E&amp;S staff and consultant expertise, as needed.</p>

<p>Publication of revised ESRP by December 31, 2020.</p>	<p>supported by other E&amp;S staff expertise in their review of FI client reporting to IFC, including review of sub-project E&amp;S due diligence, as relevant.</p>	<p>IFC's ESRP FI tipsheet also includes provisions for IFC to include additional E&amp;S expertise in IFC's review of FI reporting.</p> <p>IFC noted to CAO that it does not track the FI investments where it includes a social specialist as a necessity.</p> <p>Considering the inclusion of provision to supplement IFC's E&amp;S staff expertise on an FI investment, in addition to IFC's internal "second line of defense" approach, CAO concludes that IFC has implemented this systemic commitment.</p>
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<b>Status:</b>	<b>Closed</b>
<b>Implementation Rating:</b>	<p><b>Implemented</b></p> <p>IFC revised their ESRPs and ESRP FI tipsheet to include provisions for IFC to include additional E&amp;S expertise in IFC's review of FI reporting (including social specialist).</p>
<b>Effectiveness Rating:</b>	<p><b>Not Evaluable</b></p> <p>IFC does not track the FI investments where it includes social specialist as a necessity.</p>

## Bidco-01 & -04/Kenya: Systemic-level Actions

<b>IFC Commitments in Response</b> December 2018	<b>IFC Reported Implementation</b> November 2025	<b>CAO Observations</b> March 2026
<p>To improve identification of labor issues at the due diligence phase:</p> <ol style="list-style-type: none"> <li>1) IFC is in the process of updating its Labor Handbook, which will include additional guidance about worker classification and associated rights and benefits. Following completion of the update, IFC will develop supplementary training and tools to support implementation. Expected completion June 2020.</li> <li>2) IFC has specialist labor consultant support on contract to help E&amp;S staff in projects with high-risk labor issues. IFC will increase the awareness of the availability of this support among specialists. Ongoing – effective since July 2014.</li> </ol> <p>To improve awareness of labor (and other) issues arising in supervision:</p> <ol style="list-style-type: none"> <li>1) IFC subscribes to RepRisk, an ESG media scanning service, which alerts specialists to negative media stories regarding clients/projects that merit additional follow-up with clients. Ongoing – effective since July 2015.</li> <li>2) IFC will revise its Environmental and Social Review Procedures (ESRP) to instruct E&amp;S specialists that when more than 12 months have elapsed between ESDD and first disbursement, the ESDD will be reviewed</li> </ol>	<p>Improve identification of labor issues at the due diligence phase:</p> <ol style="list-style-type: none"> <li>1) The Labor Handbook is being updated. IFC anticipates that the Labor Handbook will be ready by the end of 2025.</li> <li>2) IFC has several labor specialist consultants on contract. Furthermore, IFC has signed a partnership with ILO under which partnership a training on Labor risks for IFC's E&amp;S specialists in being developed.</li> </ol> <p>To improve awareness of labor (and other) issues arising in supervision:</p> <ol style="list-style-type: none"> <li>1) IFC continues to use the Rep Risk tool as third-party E&amp;S data tool that systematically identifies and assesses negative media and civil society coverage. The tool is among multiple external sources that contributes to the IFC Contextual Risk Data portal that provides score-based contextual risk assessments.</li> <li>2) In 2020, IFC commenced an overhaul of its ESRP - IFC staff provision for conducting E&amp;S investment due diligence and supervision. IFC's revised ESRP include a provision for IFC to confirm that status of its ESDD, and if necessary update it, if a period exceeding one year has passed between IFC E&amp;S Investment Disclosure and the anticipated Board date. IFC</li> </ol>	<p>CAO notes that since the 2018 compliance investigation report, IFC has taken a series of actions to improve the identification of labor issues during pre-investment due diligence. These actions include hiring several labor specialist consultants to support the E&amp;S Risk Officers on high-risk projects and signing a partnership with ILO to jointly develop training on labor risks for IFC's E&amp;S specialists. To improve awareness of labor issues during project supervision, IFC states it has revised its ESRP and continues using the third-party E&amp;S data Rep Risk tool to systematically identify and assess negative media and civil society coverage.</p> <p>ESRP update: IFC's ESRP (2025) include a provision for IFC to review and, as necessary, update its ESDD if one year has passed from E&amp;S investment disclosure to the anticipated Board date. CAO notes that this ESRP procedure is different from IFC's commitment to update its ESDD in instances where 1 year has passed between IFC's ESDD and first disbursement. CAO recognizes and welcomes that IFC's ESRP provision seeks to ensure that the Board has the most current E&amp;S information prior to its review. In addition to IFC's standard E&amp;S representation and warrant provisions, which are applicable for all disbursements, IFC has a number of methods to update its E&amp;S information to address</p>

<p>before disbursement to confirm that its conclusions and resulting client actions remain consistent, appropriate, and comprehensive. If additional Performance Standards issues are identified in this review, IFC will require clients to adapt their environmental and social management systems to manage such issues in compliance with Performance Standards requirements. Expected completion June 2019.</p>	<p>noted to CAO that the procedure triggers an eventual update mechanism between Disclosure and Board Approval, not between ESDD completion and First Disbursement because the Board Paper must reflect the most current E&amp;S information at the time of Board review. This ensures that the Board is making decisions based on up-to-date risk assessments and project status.</p>	<p>excessive delays between ESDD and First Disbursement.</p> <p>Labor Handbook: IFC noted to CAO that it anticipates that a revised Labor Handbook would be ready by the end of 2025. Accordingly, this action and supplementary training and tools to support implementation remain outstanding.</p> <p>CAO considers that, while IFC has amended its ESRP to address excessive delays between ESDD and Board review, and introduced new tools for the better identification of labor issues during its due diligence and supervision phases, no material guidance to E&amp;S specialists has yet been issued regarding the issue these actions were designed to address: guidance on worker classification and associated rights and benefits. This is expected in an updated version of the Labor Handbook.</p> <p>CAO notes that this action was expected to be completed by June 2020. CAO has decided to keep this action open.</p>
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**Status: Open**

<b>Implementation Rating:</b>	<p><b>Partially Implemented</b> IFC has revised its ESRP to account for excessive delays between Investment Disclosure and Board consideration. IFC anticipates revising its Labor Handbook by the end of 2025.</p>
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<b>Effectiveness Rating:</b>	<p><b>Not Yet Evaluable</b> It is not practical for CAO to monitor the effectiveness of IFC implementation of excessive delays between investment disclosure and board consideration of an investment as CAO understands that such instances are rare.</p>
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<p>At the time of writing, as IFC has yet to revise its Labor Handbook to account for guidance on worker classification and associated rights and benefits, it is not yet possible to determine the effectiveness of these actions.</p>		
<p><b>IFC Commitments in Response</b> July 2021</p>	<p><b>IFC Reported Implementation</b> November 2025</p>	<p><b>CAO Observations</b> March 2026</p>
<p>To improve identification of labor issues such as retrenchment during due diligence, IFC is updating its Labor Handbook, and developing additional tools and training, as described above. The Handbook will include additional guidance about worker classification and associated rights and benefits. Expected completion June 2020.</p>	<p>The Labor Handbook is being updated. IFC anticipates that the Labor Handbook will be ready by the end of 2025.</p>	<p>See CAO Observations above.</p>
<p><b>Status: Open</b></p>		
<p><b>Implementation Rating:</b></p>		<p><b>Not Yet Implemented</b> IFC anticipates revising its Labor Handbook by the end of 2025</p>
<p><b>Effectiveness Rating:</b></p>		<p><b>Not Yet Evaluable</b> At the time of writing, as IFC has yet to revise its Labor Handbook to account for guidance on worker classification and associated rights and benefits, it is not yet possible to determine the effectiveness of this action.</p>

## Myanma Awba-01/Myanmar: Systemic-level Actions

IFC Commitments in Response November 2023	IFC Reported Implementation November 2025	CAO Observations March 2026
<p>Guidance for IFC Staff on change of investment scope: The ESRP (2023) is sufficient to address this institutional recommendation and guide IFC staff in assessing the E&amp;S management capacity of the potential IFC client. The proposed action is to reinforce that knowledge within IFC by focusing on the management of changes in investment scope and assets during the ESDD process. This guidance will reiterate and explain the actions to identify, inform, escalate, and address E&amp;S needs when material changes in investment scope and client assets emerge at any stage of the investment due diligence.</p>	<p>IFC reports that it recently updated its Environmental and Social Review Procedures (ESRP) to formalize the process to identify, inform, escalate, and address E&amp;S needs when material changes in investment scope and client assets emerge at any stage of the life of an investment project. Further, relevant guidance has been included in IFC's Operational Procedures for New Business and Portfolio Operations.</p> <p>IFC reports that it provided training on these provisions in July 2025, and a module on "Managing Asset or Scope Changes" is being integrated in the core learning curriculum for E&amp;S staff.</p>	<p>IFC's MAP was finalized in November 2023. At that time, IFC had recently overhauled its ESRP. The 2023 ESRP include provision for how IFC staff should address asset and scope change. Since 2023, IFC has made further amendments to its ESRP with respect to asset and scope change. The ESRP (2025) account for instances where IFC lacks agency or has agency in response to an asset or scope change.</p> <p>IFC's MAP action was explicitly focused on developing a training module on this topic and including this as part of IFC's regular E&amp;S and investment staff training. In July 2025, IFC held a training session on this topic for E&amp;S staff. Further, IFC has informed CAO that a module on this topic is now part of its E&amp;S Core Curriculum for all E&amp;S staff, and that IFC has updated its Investment Operations procedures to provide relevant guidance to IFC investment staff.</p> <p>CAO has decided to close its monitoring of this systemic action.</p> <p>CAO will keep the case open for five years (from Board approval of MAP, June 2024) to allow for the possibility of engagement with complainants once the security situation in Myanmar improves.</p>
<p><b>Status:</b> <b>Closed</b></p>		

<p><b>Implementation Rating:</b></p>	<p><b>Implemented</b>          IFC's MAP action was explicitly focused on provision of developing a training module on this topic and including this as part of IFC's regular E&amp;S and investment staff training. In July 2025, IFC held a training session on this topic for E&amp;S staff. Further, IFC has informed CAO that a module on this topic is now part of its E&amp;S Core Curriculum for all E&amp;S staff, and that IFC has updated its Investment Operations procedures to provide for relevant guidance to IFC investment staff.</p>
<p><b>Effectiveness Rating:</b></p>	<p><b>Not Evaluable</b>          It is not practical to determine the effectiveness of IFC's training module in managing instances where asset or scope change arise. To do so would necessitate multiple offerings of the training program (which IFC intends to do as part of its core curriculum) and subsequent CAO monitoring of how IFC addressed this issue in as it arises in its investments and project loans.</p>

## Panama Transmission Line PL IV-01/Multiple Locations, Panama: Systemic-level Actions

<b>IFC Commitments in Response</b> July 2022	<b>IFC Reported Implementation</b> November 2025	<b>CAO Observations</b> December 2025
<p>IFC will provide an update to CODE (IFC Board sub-committee) on development of the ESRP and accompanying ESRP Handbook. These will provide detailed implementation guidance to IFC specialists on new business processing, portfolio monitoring, and Advisory Services, as well as an update on mainstreaming contextual risk screening.</p>	<p>The relevant section of the ESRP for AS was issued on January 21, 2025 and the Tipsheet for an E&amp;S Review for Public-Private Partnership (PPP) Advisory projects was finalized and issued in June 2025.</p> <p>IFC shared with CAO the Tipsheet responding to the need to provide guidance to IFC staff on the scope of IFC's role when a client implements project development activities with E&amp;S risks or impacts during a PPP Advisory Services engagement. To verify its implementation, IFC has also shared with CAO five examples of contextual risk screening (in medium and high-risk projects).</p>	<p>The Tipsheet for an E&amp;S Review for PPP AS Projects provides guidance to IFC staff on PPP Advisory projects implementation, and on how to manage E&amp;S and reputational risks in an AS projects.</p> <p>E&amp;S staff activities during implementation include: 1) the management of E&amp;S studies depending on whether IFC is a transaction advisor or a strategic advisor, to further identify key E&amp;S risks and impacts of the project, PS gaps, and potential mitigations; and 2) engagement with the client and relevant stakeholders.</p> <p>The Tipsheet provides guidance on these two activities by focusing on understanding the scope of the underlying project supported by the PPP Advisory Services to provide an up-to-date advice; coordinating and collaborating with the project leader in a timely basis to support and de-risk the project at an early stage of its development; and fostering coordination among IFC's E&amp;S and project leader's technical, legal and communication consultants.</p> <p>CAO reviewed three high-risk and two medium-risk project examples where the E&amp;S Review Tipsheet for PPP AS Projects had been applied</p>

		and considered them adequate. IFC's PPP AS project E&S review includes, a provisional overall risk level and its rationale, including a description of any deal breakers; the relevant performance standards; the list of key risks that are project specific; stakeholder and CSO concerns if relevant; contextual risk analysis; and additional contextual research in case there is a repeated client or a CAO case. For mitigation, each project should mention any relevant pre-implementation action; timeline implications; additional resources needed; as well as the list of key items to be included in the E&S studies. Standard text should also be included regarding IFC's recommendation that the PPP agreement includes requirements for compliance with IFC PSs, relevant GIIP, and applicable WBG EHS guidelines.
<b>Status:</b>		<b>Closed</b>
<b>Implementation Rating:</b>		<b>Implemented</b> The PPP Advisory Services Tipsheet has been completed, and it is being applied to IFC's medium and high-risk projects.
<b>Effectiveness Rating:</b>		<b>Effective</b> IFC has been applying its new Tipsheet for E&S review of medium and high-risk PPP AS projects, as a tool to provide guidance to IFC staff on the IFC role in an PPP AS project.
<b>IFC Commitments in Response</b> July 2022	<b>IFC Reported Implementation</b> November 2025	<b>CAO Observations</b> December 2025
IFC is mainstreaming contextual risk analysis across project appraisal and supervision as well as Advisory Services, as reflected in the draft ESRP and the ESRP Handbook.	IFC is in the process of completing the Good Practice Note on Contextual Risk Screening in AS projects. In the meantime, specific requirements for contextual risk screening have	CAO has not reviewed the finalized Good Practice Note (GPN) on Contextual Risk Screening, as the document is under internal

	already been included in the updated ESRP and are now applied to all projects.	review. IFC specialists currently use the April 2022 GPN draft version.
<b>Status: Open</b>		
<b>Implementation Rating:</b>	<b>Partially Implemented</b> The Good Practice Note on Contextual Risk Screening has been drafted but has not yet been finalized. IFC specialists are still using the April 2022 GPN draft version.	
<b>Effectiveness Rating:</b>	<b>Not Yet Evaluable</b> The final version of the Good Practice Note on Contextual Risk Screening is not available for CAO's review and therefore its effectiveness cannot yet be evaluated.	

## Axzon-01/Ukraine: Systemic-level Actions

IFC Commitments in Response September 2025	IFC Reported Implementation September 2025	CAO Observations November 2025
IFC updated its Environmental and Social Review Procedures (ESRP) and associated guidance and clarifications provided to E&S Specialists, consistent with CAO's systemic level recommendation <sup>40</sup>	IFC's ESRP was updated in January 2025. Relevant tipsheets were updated in May-August 2025.	<p>CAO concludes that IFC has implemented this action item, as changes fully respond to CAO's investigation findings and systemic level recommendation. These tipsheets<sup>41</sup> now provide:</p> <ul style="list-style-type: none"> <li>• Clearer criteria for IFC E&amp;S staff to select representative samples of assets in corporate projects for due diligence and supervision, considering facility risk levels, E&amp;S events (including community complaints), and ESAP implementation.</li> <li>• Guidance to include asset/site-specific ESAP actions tailored to local, regulatory, and contextual risks.</li> <li>• Recommendations for Annual Monitoring Report (AMR) formats, emphasizing the need for facility-level, disaggregated E&amp;S data and evidence of ESAP implementation.</li> </ul>

<sup>40</sup> CAO recommendation to IFC: Develop guidance for IFC staff (i.e. through a tip sheet or the equivalent) on due diligence and supervision of corporate loan investments to complement the ESRP, to ensure that: (a). Local risks and impacts at site level are adequately assessed and monitored by reviewing relevant environmental data and parameters. This may require revising tip sheets on how legal agreements, annual reporting templates, and ESAP items are drafted. (b). Develop guidance for IFC staff (i.e. through a tip sheet or the equivalent) on due diligence and supervision of corporate loan investments to complement the ESRP, to ensure that : b. Concerns from local community members that emerge during the life of the investment are considered by IFC in timely fashion, as part of IFC's supervision activities for the project, and that timely resolution is supported.

<sup>41</sup> The following tipsheets for Direct Investments: "Preparing the E&S Appraisal Plan," "Writing the ESRS and ESAP," "Preparing the AMR/AEPR Format for Commitment," "Supervision Monitoring Plan (SMP) and Site Supervision Visits (SSV)," and "Completing the AMR Review."

		<ul style="list-style-type: none"> <li>• Greater emphasis on community concerns in E&amp;S due diligence and supervision, including considering E&amp;S events/complaints for asset selection for due diligence and supervision, and emphasizing the duty to record, report, and discuss relevant actions to address complaints with clients.</li> </ul>
<b>Status: Open</b>		
<b>Implementation Rating:</b>	<b>Implemented</b> IFC has implemented the MAP action, as changes made fully respond to CAO's investigation findings and systemic level recommendation.	
<b>Effectiveness Rating:</b>	<b>Not Yet Evaluable</b> Given that IFC has only recently updated its tipsheets, it is too early for CAO to verify effective implementation. Accordingly, CAO has decided to keep its monitoring on this action open.	

## Annex A. Summary of All Open Cases in CAO Compliance Monitoring

CAO Case Name	CAO Investigation Release Date	CAO Monitoring prior to this report		Last CAO Monitoring Report	Next CAO Monitoring Report <sup>42</sup>	Applicable standards for CAO Monitoring	
		Project Level	Systemic Level			CAO Operational Guidelines (2013)	CAO Policy (2021)
<b>Tata Ultra Mega-01 /Mundra and Anjar -02 Tragadi Village</b>	October 2013	Monitoring Open	N/A	Case specific report, FY26 Q1	Closed	✓	
<b>Tata Tea-01-02/Assam</b>	November 2016	Monitoring Open	N/A	March 2026	FY27 Q3	✓	
<b>Real LRIF-01/Coban</b>	October 2017	Monitoring Open	N/A	March 2026	FY27 Q3	✓	
<b>Bidco Bev. &amp; Det.-01 &amp; 04/Thika</b>	March 2019	Monitoring Completed	Monitoring Open	March 2026	FY27 Q3	✓	
<b>CIFI-01/Santa Cruz</b>	June 2020	Monitoring Completed	Monitoring Open	March 2026	FY27 Q3	✓	
<b>Alto Maipo-01&amp; 02/Cajon del Maipo</b>	September 2021	Monitoring Completed	Monitoring Open	March 2025	FY27 Q1		✓
<b>Rizal Commercial Banking Corporation (RCBC)-01</b>	April 2022	Monitoring Open	Monitoring Open	March 2026	FY27 Q1		✓
<b>PL IV-01/Panama</b>	June 2022	Monitoring Open	Monitoring Open	March 2026	FY27 Q1		✓
<b>Myanma Awba-01/Myanmar</b>	September 2023	Monitoring Open	Monitoring Open	March 2026	FY27 Q3		✓
<b>Bridge-04/Kenya and Learn Capital 01-04/Kenya</b>	October 2023	Monitoring Open	Monitoring Open	Case Specific Report, FY25 Q4	FY26 Q4		✓
<b>Bridge-01/Kenya</b>	April 2025	Monitoring Open	Monitoring Open	N/A	FY27 Q2		✓
<b>Salala Rubber Corporation-01/Liberia</b>	March 2024	Monitoring Open	Monitoring Open	N/A	FY27 Q1		✓
<b>Masdar Baynouna-01/Jordan</b>	April 2025	Monitoring Open	Monitoring Open	N/A	FY27 Q1		✓
<b>AGL-01/Makhalakidzeebi , Georgia</b>	July 2025	Monitoring Open	N/A	N/A	FY27 Q1		✓

<sup>42</sup> The inclusion of a report in the CAO Monitoring Omnibus schedule or an individual report is subject to change.

## Annex B. Summary of CAO Rating Methodology

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Upon reviewing each IFC/MIGA action in response to a non-compliance finding and related Harm, or actions to prevent recurrence in CAO Policy cases, or actions taken to address a non-compliance finding in CAO Operational Guidelines cases, CAO assigns ratings in its compliance monitoring reports. In past omnibus monitoring reports (May 2023, May 2024, and April 2025), CAO applied a single five-point scale (“Too Early to Tell, Excellent, Satisfactory, Partly Unsatisfactory, Unsatisfactory”) that reflected a combined judgment of both the completion of the action and the extent to which it addressed the relevant non-compliance finding and related harm.

While this approach provided a holistic assessment, CAO’s experience and feedback from stakeholders revealed challenges in its application. In several cases, IFC/MIGA had taken significant steps to implement a committed MAP action, fulfilling its obligations in scope, standard, and timing, but the action did not adequately address the underlying harm or prevent recurrence of the non-compliance finding. In such instances, the combined scale could inadvertently obscure this distinction, potentially underrating IFC/MIGA’s implementation efforts or overstating the correlation between implementation and effectiveness.

To address these challenges and align more closely with Paragraphs 140 and 141 of the CAO Policy, CAO has revised its approach.<sup>43</sup>

Under the revised methodology, beginning with this report, CAO rates IFC/MIGA actions separately on two dimensions:

1. **Implementation (Output):** Whether the action was delivered as specified in the MAP, consistent with its scope, standard, location, and timing.
2. **Effectiveness (Outcome):** Whether the implemented action achieved its intended result in correcting or materially mitigating the relevant non-compliance/related Harm linked to the MAP action and/or avoiding recurrence, and improving institutional performance (for systemic recommendations).<sup>44</sup>

This dual-scale system allows CAO to present a more transparent and fair assessment of IFC/MIGA’s monitoring status. It acknowledges that implementation reflects IFC/MIGA’s control over delivering the agreed action, whereas effectiveness in some cases may be influenced by factors outside IFC/MIGA’s

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<sup>43</sup> Paragraph 140 specifies that *the scope of CAO’s compliance monitoring will be the corrective actions approved as part of the MAP* and that *monitoring will verify the effective implementation of the actions set out in the MAP*. Paragraph 141 further clarifies that CAO compliance monitoring will not consider non-compliance findings for which there is no corresponding corrective action in the MAP.

<sup>44</sup> This is for CAO Policy cases. For CAO Operational Guidelines cases, it is the effectiveness of an IFC/MIGA action to address the non-compliance finding.

direct control, such as external project conditions. In this way, the revised ratings enable stakeholders to see both the effort expended and the outcome achieved, without conflating the two.

The table below outlines CAO’s revised rating dimensions, scales, and definitions for assessing the implementation and effectiveness of IFC/MIGA actions in addressing non-compliance findings and related Harm.

Dimension	Rating scale	Definition
<b>Implementation (Output)</b>	<b>Implemented</b>	Action delivered as specified in the MAP (scope, standard, location, timing)
	<b>Partially Implemented</b>	Action initiated or substantially completed, but a material aspect not adequately implemented (scope, standard, or timing)
	<b>Not Implemented</b>	Action not implemented (significantly post expected timeframe) or action implementation materially off-specification or standards
	<b>Not Yet Implemented</b>	Action has yet to be implemented but future implementation is reasonably expected.
<b>Effectiveness (Outcome)</b>	<b>Effective</b>	Evidence shows the action  (a) corrected/materially mitigated the relevant non-compliance/Harm,  or (b) avoids recurrence of the relevant non-compliance and improves institutional performance.
	<b>Partially Effective</b>	Evidence shows the action partially  (a) corrected/mitigated the relevant non-compliance/Harm (Material aspects of non-compliance/Harm persist)  or (b) avoids recurrence of the relevant non-compliance and improves institutional performance.
	<b>Not Effective</b>	Evidence indicates the  (a) non-compliance/ Harm remains materially unmitigated despite action implementation or because of non-implementation  or (b) action does not avoid recurrence of the relevant non-compliance nor improves institutional performance.
	<b>Not Yet Evaluable</b>	Too early to tell or sufficient evidence currently unavailable
	<b>Not Evaluable</b>	The implementation period has ended and it is not possible to evaluate the effectiveness due to the nature of the action.



The Independent Accountability Mechanism for IFC & MIGA