


OFFICE MEMORANDUM

DATE: June 28, 2011

TO: Ms. Meg Taylor, Compliance Advisor/Ombudsman, CCAVP

FROM: Oscar Chemerinski, Director, CM2DR 

EXTENSION: 36703

SUBJECT: IFC Response to Ombudsman Assessment Report: Complains regarding operations of Pronaca Exp., Project ID number 26535 and Pronaca, Project ID number 21901, in Santo Domingo, Ecuador

Thank you for providing us with the Ombudsman Assessment Report to Stakeholders regarding the operation of Pronaca farms in Santo Domingo in Ecuador supported by IFC's projects #26535 and 21901. We appreciate your team's efforts in conducting the assessment and working with the parties to identify a potential resolution of the concerns raised by the complainants.

We were pleased to note Pronaca's full cooperation with your team and its willingness to enter a dialogue with the complainants as well as open its operations to independent inspections in order to try to address the issues raised by the complainants. We regret that the complainants chose not to participate in a CAO mediation process.

The report notes that most of the community members interviewed by the CAO team recognize and appreciate the improvements in the production processes that Pronaca has put in place to try to minimize odors. The report also notes areas where the complainants and Pronaca differ on the impact of the company's operations on the environment and neighboring communities and the company's compliance with the Ecuadorian legal requirements.

Over the period of IFC's engagement with Pronaca since 2004, IFC has observed substantial improvements in waste and wastewater management of the company's operations required both by local law and the World Bank Group's Environmental, Health and Safety Guidelines. The capital investments associated with these improvements are estimated to be about \$20 million. IFC has also assisted Pronaca with access to technical expertise to support these improvements in the company's operations. In the course of its portfolio supervision function, IFC will continue to work with Pronaca to help the company achieve outcomes that are consistent with IFC Performance Standards on Social and Environmental Sustainability.

IFC remains committed to work closely with your office during the appraisal by the CAO Compliance function to determine whether an audit of IFC's appraisal and monitoring of its investments in Pronaca is needed.

cc: Thierry Tanoh, William Bulmer, Atul Mehta