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## COMMUNIQUÉ

### Investigation of IFC Investment in Axzon/Danosha Pig Farm Operations, Ukraine

Washington, D.C., August 29, 2018 – The Compliance Advisor Ombudsman (CAO), the independent accountability mechanism for the International Finance Corporation (IFC), a member of the World Bank Group, has initiated a [compliance investigation](#) of IFC's investment in Axzon/Danosha pig farming operations in Ukraine. The investigation responds to a [complaint](#) from local communities regarding the environmental and social impacts of the project.

According to IFC disclosures, Axzon is the third largest swine-production operation in Ukraine. IFC is supporting Axzon to increase its production capacity. The company currently has seven pig farms, a biogas plant, and leases over 12,000 hectares of farming land in the Ivano-Frankivsk region through its Ukrainian subsidiary, Danosha. IFC is providing an investment of €52 million in loans and equity.

A complaint was filed to CAO in 2014 by community members living in the Kalush and Halysk districts of the region. The complaint raises concerns about the proximity of the pig farms to residential areas, and the effects of pollution on the environment and community health. The complaint also cites concerns about the project's compliance with national legislation, and a lack of information disclosure and community consultation.

From 2014-17, CAO convened three separate mediation processes between the complainants and Danosha, two of which did not lead to settlement. The case was therefore referred to CAO's compliance function in March 2017. CAO is conducting the compliance investigation in accordance with Terms of Reference issued in [April 2018](#). A CAO team visited the project site from August 20-23, 2018 and met with various stakeholders.

CAO's investigation focuses on how IFC assured itself of the environmental and social performance of its investment in relation to the issues raised in the complaint. Specifically, CAO is examining IFC's review of the company's environmental and social (E&S) management systems as they relate to three pig farms and IFC's supervision of the client's E&S performance.

CAO expects to finalize the investigation report early in 2019. More information about this case is available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

More information about the CAO case is available at [www.cao-ombudsman.org](http://www.cao-ombudsman.org). Information about the Axzon/Danosha project can be found on IFC's website at [www.ifc.org/disclosure](http://www.ifc.org/disclosure).

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**About CAO:** *The Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. CAO's mandate is to address complaints from people affected by IFC and MIGA projects in a manner that is fair, objective, and constructive, and to improve environmental and social outcomes on the ground. [www.cao-ombudsman.org](http://www.cao-ombudsman.org).*