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COMMUNIQUÉ

Independent Investigation of IFC Investments in the Amulsar Gold Mine in Armenia

August 4, 2017 – The World Bank Group’s Compliance Advisor Ombudsman (CAO) today released an investigation of investments made by the International Finance Corporation (IFC) in the Amulsar gold mine in Armenia. CAO is an independent post that addresses complaints regarding IFC projects. CAO’s investigation found that the majority of concerns related to the project were the subject of appropriate supervision by IFC, but identified some shortcomings in IFC’s appraisal and early supervision of environmental and social risks related to the mine’s exploration phase.

Since 2007, IFC, a member of the World Bank Group, has invested US\$16.4 million in Lydian International, the company developing the mine, and held equity shares until May 2017. The mine is located in the south of Armenia.

The investigation was initiated in response to two complaints filed to CAO in 2014 by communities living near the mine. The complaints raised concerns about anticipated environmental and health impacts, impacts to local tourism, and the adequacy of land acquisition, consultation and stakeholder engagement processes. The complaints alleged that IFC did not ensure compliance with its requirements.

The investigation found that IFC’s pre-investment review was not commensurate to risks associated with the mine’s exploration phase, and a more detailed E&S action plan would have been appropriate. However, an advance in IFC’s supervision of the project after 2013 resulted in a significant improvement in the client’s performance reflected in the development of an exploration phase Environmental and Social Management System, and an international standard Environmental and Social Impact Assessment (ESIA).

The investigation found shortcomings in IFC’s supervision of the assessment of impacts on local tourism in the spa town of Jermuk and impacts on the nearby community of Gndevaz. IFC’s supervision related to environmental issues, land acquisition, consultation and stakeholder engagement provided reasonable assurance of compliance with the IFC Performance Standards.

IFC has released a public response to CAO’s investigation. CAO will monitor the case and issue a monitoring report within a year.

The full investigation findings and IFC’s response are available on CAO’s website at www.cao-ombudsman.org.

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About CAO:

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