

FACTS AND FIGURES ON THE WORLD BANK GROUP'S FINANCING OF HAGL RUBBER PLANTATIONS

- The International Finance Corporation (IFC), the private sector financing arm of the World Bank, currently commits more than 40% of its portfolio – worth nearly \$20 billion – to “financial intermediaries” (FIs) such as banks, insurance companies and private equity funds.¹
- According to a 2012 audit by its internal watchdog, IFC “knows very little about potential environmental and social impacts of its financial markets lending” and “conducts no assessment [to determine whether its environmental and social requirements] are successful in doing no harm.”²
- The audit also found that “there is no information publicly available about the end use of IFC’s funds.” In fact, in parts of the sample of the portfolio that was reviewed, IFC itself did not have detailed information on the end use of funds.
- Between 2002-2006, IFC made a series of equity investments in the Vietnamese private equity fund, Dragon Capital Group, amounting to approximately \$27 million.
- Dominic Scriven, the co-founder and CEO of Dragon Capital, is an Officer of the Order of the British Empire (OBE) and the founder and trustee of local conservation charity Wildlife At Risk.
- Dragon Capital Group holds a 5.5% stake in the Vietnamese company Hoang Anh Gia Lai (HAGL).
- According to the Global Witness report *Rubber Barons* published in 2013, HAGL owned six economic land concessions (ELCs) in Ratanakiri, covering a surface area of more than 47,000 hectares, or approximately 5% of the total size of the province.³ HAGL claims to have sold three of its ELCs but has admitted to currently holding four concessions, covering an area of 28,422 ha, which is nearly 3 times the size allowed under Cambodian law.⁴
- The HAGL concessions cover State forest and significant tracts of land belonging to indigenous communities in breach of Cambodian law.⁵

¹ The 40% figure of the portfolio includes investments in financial markets, private equity funds and trade finance combined. Figures from IFC Annual Report 2012.

² Compliance Advisor Ombudsman, CAO Audit of a Sample of IFC investments in financial intermediaries (Oct 2012), at: http://www.cao-ombudsman.org/documents/Audit_Report_C-I-R9-Y10-135.pdf

³ Global Witness, *Rubber Barons: How Vietnamese Companies and International Financiers Are Driving a Land Grabbing Crisis in Cambodia*, May 2013 (p.16).

⁴ Article 59 of the Land Law (2001) prohibits “the issuance of land concession titles on several places relating to surface areas that are greater than [10,000 hectares] in favor of one specific person or several legal entities controlled by the same natural persons.”

⁵ Article 23, 25 and 28 of the Land Law defines and protects indigenous lands. Article 58 of the Land Law (2001) states that land concessions can only be granted on State private property.

- Since 2010, HAGL's subsidiary companies began seizing and clearing indigenous lands under cultivation and lands reserved for shifting cultivation, along with community forests, spirit forests and burial grounds.
- The consent of affected communities was neither sought nor secured and no environmental and social impact assessments were undertaken prior to commencing activities.
- Rare tree species, from which local communities extracted resin for traditional uses, were felled in violation of the Forestry Law (art 29). Satellite imagery shows clear felling of forested areas within HAGL's concession boundaries in Lumphat Wildlife Sanctuary, which is an offence under the Protected Areas Law 2008 (art 59 and 62).
- IFC policies require the end use of its financial intermediary investments to comply with national laws and to do no harm.⁶

⁶ This is the minimum requirement under the IFC's pre-2006 safeguard policies (OP 4.01), which were in effect at the time IFC made its FI investment.