



October 16th 2008

Ms. Carmen Powell
Communications Officer, GMS
International Finance Corporation
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA

Re: LaFarge Surma Cement Project (Project No. 8035)

Dear Carmen,

Thank you for your response of September 4, 2008. It is our understanding that the IFC and ADB had required Lafarge Surma Cement Limited, as per the loan agreement, to conduct an annual social performance monitoring report and that this was to be done by an independent third party consultant acceptable to the IFC. It is also our understanding that an independent organization was to conduct an external monitoring survey 1.5 years after acquisition of land and assets to coincide with a mid-term report, and a further external monitoring survey three years after land acquisition. It is also our understanding that, to date, the IFC has not ensured compliance with any of these legal obligations of Lafarge and that some of these tasks should have been done by 2003. To our knowledge, a mid-term review through an independent organization has also not been conducted.

It is with disappointment that we note these issues, given that we have tried several times to communicate community concerns directly to the IFC Investment Team and to gain a clearer understanding of IFC's efforts to resolve these issues of possible non-compliance. The IFC's response, communicated in your email of March 20, 2008, has been that it "*prefer[s] not to disclose details related to the relevant investment staff.*"

Several NGOs, including the Bank Information Center and the Forest Peoples Programme, have liaised with the IFC for years in an attempt to resolve problems at the ground level and to improve transparency in order to ensure that IFC funded projects help alleviate poverty. It is clear that in the case of the Lafarge Surma project, several problems remain because of company non-compliance and IFC's failure to ensure adherence with the loan agreement.

We once again request IFC to clarify what is being done with regards to a mid-term review, whether the forthcoming IFC mission will provide input for a mid-term review, and whether an independent organization will be hired to conduct the mid-term review. We understand that the purpose of such a mission would be to include local people's viewpoints. To make it truly participatory, we would appreciate greater transparency of your plans regarding any mission/s so that the process can be inclusive of concerned stakeholders and meet its objectives.

We would appreciate further clarification in this regard and hope that you will reconsider your decision to withhold the name of the Project leader for this project.

Sincerely

Helen Leake
Forest Peoples Programme
UK

Mishka Zaman
Bank Information Centre
USA

Makiko Kimura
Shimin Gaiku Centre
Japan

Ramananda Wangkheirakpam
North East Peoples' Alliance on Trade and Development
India

CC:
IFC Compliance Advisor Ombudsman
IFC Disclosure Policy Advisor
ADB Private Sector Operations Department