

 Early Warning System

IFC-31652

GTSF-Goodyear

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.



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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	THE GOODYEAR TIRE & RUBBER COMPANY



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Project Description

OVERVIEW OF IFC'S SCOPE OF REVIEW

This project is proposed under the US\$ 500 million Global Trade Supplier Finance program ("GTSF" or the "Program") approved by the IFC Board in September 2010. (Original Project Link #28723). Under GTSF, IFC will support short-term financing to Suppliers ("Suppliers") in emerging markets selling to large companies ("Buyers") on open account terms. Under this project, IFC will enter into a funded risk participation arrangement with Citibank N.A. ("Citibank" or the "Bank") for financing Suppliers to selected Buyers that are clients of the Bank and for whom Citibank operates supplier finance programs in emerging markets. The Buyers under the supplier finance structures are expected to have management systems and processes to develop the necessary assurance of good Environmental and Social ("E&S") performance among their Suppliers. IFC's supplier due diligence will be based upon IFC's review of the Buyers' management systems and procurement practices applicable to their supply chain that are relevant to E&S practices among their Suppliers, usually as a component of the company's approach to Corporate Social Responsibility ("CSR"). The proposed investment is the first project with the Bank under this participation arrangement and it involves provision of financing Suppliers to Goodyear Tire & Rubber Company ("Goodyear"). IFC due diligence under the proposed project has involved: (i) consultations with Goodyear staff to understand procurement of natural rubber in Indonesia, the structure of Goodyear's supply chain, including the use and role of traders and/or processors to source rubber and Goodyear's Supplier Code of Conduct that encompasses E&S standards for suppliers; (ii) a review of Goodyear documentation pertaining to E&S standards, trade of rubber, etc; (iii) a review of publically available information describing Goodyear traders and/or processors; (iv) a review of secondary information concerning the state of rubber production in Indonesia and key aspects of the rubber supply chain, and; (v) consultations with key Indonesian actors, including rubber industry associations and conservation NGOs.

PROJECT DESCRIPTION

The Project involves up to US\$50 million under a funded risk participation by IFC in the Bank's supplier finance program for Goodyear. In the first phase of the Project, IFC expects to support over 10 Suppliers of natural rubber originating from Indonesia. In later phases, the Project may be expanded to include Thailand and Malaysia. Further due diligence and development of separate documentation by IFC will occur when and if such expansion is considered. Citibank is a global financial institution, headquartered in the United States, with presence in 160 countries. The Bank currently operates multiple supplier finance programs in North America and around the world. Supply chain finance is a core product of Citibank's overall trade business under Global Transaction Services (GTS).

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS

In this Project, potential adverse E&S impacts arise at the level of suppliers. Identified suppliers are traders and processors of natural rubber. Several trading companies are subsidiaries of companies active in rubber processing and production of various rubber products. As traders and/or processors suppliers have well established supply chains through which they source natural and/or processed rubber. While all Performance Standards (PS) are applicable to this investment, IFC's due diligence indicates that the investment may have impacts that must be managed in a manner consistent with the following Performance Standards: PS1 Assessment and Management of Environmental and Social Risks and Impacts PS2 Labor and Working Conditions PS3 Resource Efficiency and Pollution Prevention. Based upon information received by IFC, the Project is not expected to have impacts associated with the following Performance Standards: PS4 Community Health, Safety and Security - those



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Investment Description

- International Finance Corporation (IFC)



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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



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Other Related Projects

- IFC-28723 Global Trade Supplier Finance