

**IFC Investment for Expansion of the
Marampa Iron Ore Mine
Sierra Leone**

May 20, 2014
U.S. Position

Improved natural resource management can make an important contribution to sustainable growth and poverty reduction. Sierra Leone's mining sector accounts for nearly one-fifth of GDP and nearly all of exports. Despite impressive export-led growth, half of the population remains in poverty. The brownfield expansion of the Marampa Iron Ore Mine has the potential to generate important fiscal and non-fiscal benefits alike, such as increased revenue for the Government of Sierra Leone (GoSL) and important business development and employment opportunities for local businesses.

The United States recognizes recent efforts to improve governance in the mining sector. The U.S. notes that the GoSL recently achieved Extractive Industries Transparency Initiative (EITI) compliance in April 2014. The United States also notes the Bank's ongoing efforts to improve governance in this key sector, once a key driver of conflict, through projects such as the Extractives Industries Technical Assistance Project and the Extractives Industries Technical Advisory Facility. In addition, the United States appreciates the complementarity between the IFC's proposed investment and the Bank's existing projects. For example, the U.S. notes that as part of coming into compliance with the IFC's performance standards, London Mining Company will be required to make available financial and other data from operations, further strengthening transparency in the mining sector. Going forward, the U.S. encourages the Bank and IFC to continue exploring opportunities to work together to strengthen governance in the mining sector given its importance to the country's growth outlook.

Nonetheless, this project contains considerable environmental and social risks. Given that the Marampa Iron Ore Mine has been in operation for over 80 years, resolving significant legacy issues will be a challenge. Moreover, the proposed expansion may result in still further resettlement. However, the U.S. notes that an updated resettlement action plan will not be completed until December 2016. The United States also notes that an updated environmental and social impact analysis will not be completed until December 2015. Taken together, the lack of information at this time regarding the potential environmental and social impacts of this project constrains the U.S.' ability to conduct appropriate due diligence and assess the true scale and scope of the risks involved. These concerns are exacerbated by the expectation that the London Mining Company will not comply with the IFC's performance standards until 2018. For these reasons, the United States wishes to be recorded as abstaining on this proposed investment.

Going forward, the United States continues to encourage the IFC to disclose environmental and social analyses on a timely basis. The United States urges the IFC and the London Mining Company to work closely together to take all appropriate precautions to mitigate the environmental and social risks of this Category A project and to intensify efforts to quickly comply with IFC's performance standards.

