

U.S. Position on Proposed IFC Investments in Jubilee Floating Production Storage and  
Offloading (FPSO) and  
Proposed MIGA Guarantee to Jubilee Ghana MV21 B.V.  
April 29, 2010

Ghana has made important efforts to develop its petroleum resources in a transparent and sustainable manner. We strongly support the Ghanaian Government's goal of channeling new petroleum wealth into poverty-reducing growth and call on the Bank to continue its collaboration with Ghana to fulfill this objective.

We appreciate the effort which the Bank Group, the Ghanaian Government, and the private sector have undertaken in order to develop the Jubilee petroleum resources, and, more importantly, to bring the sector under the EITI umbrella and initiate a mechanism for managing petroleum revenues. We note that legislation regarding the use of Jubilee Field revenues is under consideration, and we encourage the Ghanaian Government to continue regulatory reforms to strengthen public financial management of the petroleum sector.

We also believe that it is imperative that the Ghanaian Government sends a consistent, positive message to investors, particularly in the petroleum sector, through respect for the sanctity of contracts. Though MIGA can play an important role in mitigating country risk, the government's actions are paramount in reducing risk perceptions through its interactions with investors. We commend the collaboration between IFC and MIGA, working jointly to increase private investment into Bank client countries, and we look forward to more projects that result from the recent IFC-MIGA joint business development agreement.

We welcomed the additional information IFC Staff provided and the detailed explanation on emergency preparedness, response to spills, and safety of fishermen. We also appreciate the agreement to include in the Independent Monitor's (IM) report a review of routine operational spillage, which, though small-scale on a case-by-case basis, can have a large cumulative impact. In addition, we appreciate the commitment to make the IM report and other documents covering the environmental impact publicly available on the IFC and Tullow websites.

Environmental impacts of the project, both routine and emergency, must be properly addressed through an Environment and Social Action Plan (ESAP), an Oil Spill Contingency Plan (OSCP), and a final Environment Management Plan (EMP), which we were informed are still in draft, and not yet public or available to us. These and similar project documents should also be linked to the IFC website for transparency and accessibility.

This IFC investment proposal exposes vulnerabilities and risks to the environment, including potential oil spills, leaks, or blowouts; use of single-hulled tankers; and adjacent marine mammal habitats that we believe deserve greater attention in order to strengthen the Bank Group's credibility as a responsible environmental steward and ensure that the vulnerabilities and risks are appropriately and systematically mitigated. We take seriously the IFC's additionality on environmental issues, particularly in holding project sponsors to high standards of environmental and social risk mitigation and public disclosure.

Consistent with the U.S. position in the IBRD and other development institutions, we consider that projects of this scale and potential impact should regularly be accompanied by a full environmental impact assessment (EIA) that is released to the public prior to Board consideration. We remain concerned about the IFC's methodology for environmental categorization and consequent disclosure related to this project. We have concluded that the environmental impacts of the project, prior to any mitigation measures, are significant. In the absence of these mitigation measures and considering the cumulative impacts, we believe the IFC should have categorized this project as an A.

In light of this concern, yet recognizing the Government of Ghana's efforts to develop its energy resources in a transparent and sustainable manner, we wish to be recorded as abstaining on this investment and guarantee.