

**United States Position
IFC Proposed Financing of
the STG Cement Project in Myanmar
July 31, 2017**

The United States wishes to thank IFC staff for the time they spent answering many questions on this project. Myanmar is at a critical stage of its economic and political development. The United States recognizes that the IFC has an important role to play to catalyze private sector investment in the country, and it strongly supports IFC engagement in Myanmar.

The United States also recognizes that this project offers both financial and development additionality. However, the United States has significant concerns about the environmental due diligence, which U.S. subject matter experts assessed especially carefully in light of the unique characteristics of the ecosystem where the STG cement plant and its limestone quarry and coal mine are located and the prevalence of wildlife trafficking and illegal logging in the area. Because of the unique biodiversity of these surroundings, this statement focuses primarily on biodiversity risks of this project, but this was only one of several factors.

The United States' review of the environmental and social impact assessment report and supporting documents revealed gaps in baseline data for rare and endangered species as well as insufficient analysis and mitigation plans to address environmental impacts. In addition, the United States believes the plans for addressing impacts to critical and natural habitats (e.g., the biodiversity action plan) should have been more robustly developed. The risks associated with the use of offsets to mitigate impacts to critical habitat are high and require a commensurately high level of data quality, analysis, planning, and commitment. In light of capacity constraints, the project should have included designated financing and assistance to improve technical capacity and governance in the relevant government institutions. Absent this, the United States is not confident that the project ensures against a net loss, or ideally allows for net gains for biodiversity. In addition, the United States believes the project should have included emissions data for the coal mine and additional air quality data, without which it will be impossible to effectively assess the project's impact.

For these reasons, consistent with provisions of U.S. law pertaining to the review of Multilateral Development Bank proposals, the United States requests to be recorded as voting no on the project proposal.

The United States would also like to reiterate its support for the economic and political reforms in Myanmar, as well as its demonstrated commitment to environmentally sustainable development. The U.S. position on this project is a reflection of the importance it places on adequate data collection and project preparation in advance of presentation of proposals for IFC Board consideration in all countries. The U.S. commitment to Myanmar's development, both through bilateral assistance and engagement with multilateral resources like the IFC, remains steadfast.