

U.S. Position on IFC's Investment in Egypt's Orascom Group Project

July 28, 2011

The United States welcomes this proposed investment in Orascom Construction Industries and the positive signal it sends to the Egyptian market. The United States hopes this will encourage additional commercial investment in Egypt during this period, which, along with policies supporting commercial enterprise, will contribute to the economic momentum created by investments like this one.

Retaining and creating jobs should be a priority for IFC investment in Egypt and the MENA region, and the United States recognizes that this investment will help preserve 75,000 jobs in Egypt and add more than 2,000 jobs in Algeria. The United States hopes the investment will generate future jobs in Egypt under the business' restructured debt and improved cash flow.

IFC investments in the region should also leverage other financing, and the United States is pleased that IFC is helping to syndicate an extra \$200 million from other commercial banks. In terms of leverage, the United States also appreciates that, with this investment, OCI management has committed to revise its existing health, safety, and environment management practices to comply with IFC Environmental and Social Performance Standards, and that this commitment is reflected in the project indicators.

Lastly, the United States wants to emphasize that this investment will strengthen a key business contributing to increased agricultural productivity at an opportune time. The United States notes

that OCI's fertilizer business may increase future exports to Africa and Asia and, recognizing the need for access to lower cost agricultural inputs in Sub-Saharan Africa, encourages IFC to explore how OCI can more rapidly expand fertilizer distribution to Sub-Saharan Africa and, in particular, to small holder farmers.

The United States wishes to be recorded as abstaining for legislatively mandated reasons because the results of the social and environmental assessment should have been made available to the public sooner to allow adequate time for full and transparent public discussion by Egyptian citizens and citizen groups prior to this Board discussion.