

United States Position  
IFC Proposed Investment - Pacific Infrastructure Ventures, Inc. (Colombia)  
May 8, 2013

The United States welcomes the discussion of IFC's proposed investment in Pacific Infrastructure Ventures, Inc. (PI). The United States notes the strategic importance of this investment which should help to address supply bottlenecks in Colombia's petroleum infrastructure, a sector which is of vital importance to the country's economy.

The United States agrees that because of the potentially significant environmental and social impacts of this investment, the project's Category A rating is appropriate. The United States welcomes the frank discussion of risks in the project document, including environmental and social risks connected with the construction of the terminal and pipeline, as well as the steps taken and proposed to mitigate these risks. In particular, the United States notes the steps taken by PI to ensure consent from the communities located near the terminal, consistent with IFC Performance Standard 7. The United States is also pleased to see the measures required by the IFC to strengthen PI's environmental and social risk management systems, PI's hiring of an Environmental and Social Advisory Consulting firm to monitor company compliance with the IFC Performance Standards, and the inclusion of a put option for IFC's investment in case PI fails to comply with its obligations under the investment.

Despite these mitigating measures, however, the United States remains concerned about the substantial risks which are magnified because of the lack of an Environmental and Social Impact Assessment (ESIA) for the pipeline project, the importance of the pipeline to deliver crude to the terminal, and the pipeline's routing across a key biodiversity area. While the United States understands that an alternative analysis for the pipeline's route has been completed and disclosed, that the drafting of the ESIA is underway, and that preliminary consultations with affected communities have been conducted, there still appears to be a significant amount of uncertainty around the environmental and social risks involved with the pipeline and the work needed to properly address those risks. Given these risks and pressures, the United States believes the IFC should have considered awaiting completion of the ESIA to ascertain a more complete understanding of risks prior to investment. The United States strongly agrees that it will be critical that IFC staff closely monitor the development of the pipeline to ensure compliance with IFC's Performance Standards going forward. The United States is particularly interested in seeing a robust, and timely, process for engaging the communities affected by the pipeline.

Finally, the United States understands that the ESIA for the pipeline will be posted to the IFC website when it is completed.

With these comments, the United States wishes to be recorded as abstaining on the project for legislative mandated reasons and other environmental and social concerns stated above.