

**Ghana:- IFC Investment in Kosmos Energy Finance International
and MIGA Guarantee to Citibank NA
December 15, 2011
U.S. Position**

The United States supports Ghana's efforts to develop its energy resources in a transparent and sustainable manner and we wish Ghana much success in transforming the discovery in its offshore fields into sustained and shared economic growth for its citizens.

The expensive and inconsistent supply of energy is one of the most important long-term constraints on Ghana's flourishing private sector, dramatized by periods of load-shedding in the past. Production from Jubilee will diversify the country's energy sources and would reduce Ghana's reliance on oil and gas supplies from its neighbors. Domestic hydrocarbon production will reduce Ghana's vulnerabilities to oil price shocks and relax a critical constraint on growth and poverty reduction.

With respect to transparency and governance, Ghana's vibrant democracy, active press, and improving governance indicate that it is possible to avoid the resource curse that has plagued its neighbors. In this regard, the United States welcomes the sponsor's public disclosure of its payments to the government, consistent with IFC policy. The United States is encouraged by support from other donors, including Germany, Norway, and the United Kingdom, to support Ghana's capacity in oil revenue management, environmental compliance, and accountability and transparency. This investment is well aligned with the World Bank's Country Partnership Strategy in Ghana, which includes support for the implementation of the Extractive Industries Transparency Initiative (EITI) in the mining sector, as well as the Oil and Gas Capacity Building Project. We also note MIGA's involvement in the operation, a welcome example of coordination between WBG institutions.

In light of the 2010 Macondo incident in the Gulf of Mexico, the United States welcomes IFC's enhanced scrutiny of well design, safety equipment and procedures, emergency and oil spill response equipment and procedures and third party independent review of these aspects for all offshore drilling operations. The United States is pleased to see that staff has categorized this operation as a Category A investment. Because of the project's large scope and potential significant environmental effects, the United States believes this categorization is appropriate. The United States is encouraged by efforts to develop an onshore disposal alternative to the disposal of drill cuttings at sea and the development of a sectoral environmental assessment in light of the increased drilling activity in the area.

Unfortunately, because the project is defined as encompassing both further exploitation of the Jubilee field and appraisal drilling activities in the adjacent West Cape Three Point and Deep Water Tano blocks, the EIA released in 2010 for the prior Jubilee investments is not sufficient. We were disappointed that the environmental documentation for activities in the adjacent contract areas of West Cape Three Point and Deep Water Tano was not disclosed in a time period sufficient to meet requirements of our domestic legislation. For this reason, the United States wishes to be recorded as abstaining on this investment.

