

Republic of Cote D'Ivoire – Rialto Energy Limited Equity Investment

U.S. Position

March 22, 2012

The United States welcomes the discussion of the proposed investment in Rialto Energy Limited. If this project is successful, it could lead to the development of an important energy resource for Cote d'Ivoire, just as it is emerging from a decade of instability.

The United States strongly supports Cote d'Ivoire's efforts to develop its energy resources in a transparent, accountable and sustainable manner. Therefore, the United States strongly supports World Bank Group efforts to help the Government of Cote d'Ivoire (GoCdl) achieve this goal and welcomes IFC engagement in the sector as part of the World Bank Group's work to help Cote d'Ivoire build a reliable energy supply to fuel its economic growth.

Given the riskiness of this proposed operation, IFC has correctly rated this a Category A for environmental and social risk. However, the United States is concerned that IFC neither required, nor provided to the Board or the public, a client-sponsored EIA or any type of comprehensive environmental documentation. This absence is puzzling given that the company produced two EIAs to meet Cote d'Ivoire's own requirements. These omissions are serious and are clearly inconsistent with the letter and intent of IFC's policies.

The United States appreciates that IFC has undertaken due diligence and summarized the findings in a 5 page Environmental and Social Review Summary (ESRS). The United States recognizes that this is an exploratory project and notes IFC's assurances that the risks may not be as great as they are for operations in the Gulf of Mexico. Nevertheless, a five page summary is insufficient for the Board and public to be assured that the potential impacts of a Category A project have been adequately identified and mitigated. Therefore, the United States would like to be on record as OPPOSING this operation on environmental grounds.

That said, the United States encourages IFC to continue to engage in the sector, especially in African countries that are committed to accountability and transparency in resource management. However, this must be done with an appreciation of the critical need to provide adequate information to the Board and public about the risks in the operations it finances.

The United States applauds the GoCdl's commitment to the Extractive Industries Transparency Initiative (EITI) and welcomes recent governance improvements as a critical step in the right direction toward EITI compliance. The United States encourages the government to go beyond these EITI commitments so that it can play a leadership role in standards for resource extraction in West Africa.