

IFC INVESTMENT IN ARMAJARO TRADING
U.S. POSITION
MARCH 29, 2012

The United States appreciates the IFC's efforts to disclose material risks and integrity concerns associated with this project. The use of child and forced labor is widespread in this sector in Africa, and we agree that the IFC and Armajaro are taking important steps to comply with the IFC's Environmental and Social standards; however, the United States would have preferred to see these assessments disclosed 120 days in advance of the board date since the IFC rated the project Category A. The United States also appreciates disclosure pertaining to individuals associated with Armajaro, and agrees that the potential integrity issues that were identified in the project document are not material and should not hinder the IFC from moving forward. The United States recognizes that this proposal represents an exceptional level of disclosure and appreciates the IFC's willingness to confront potential risks in an open and transparent manner.

The United States understands that operations in Africa's cocoa sector require interaction with small-scale farmers, which in turn requires the deep operational knowledge that the IFC can bring to Armajaro's work. The United States also appreciates that it is typical for integrated supply chain managers such as Armajaro to operate in a highly-leveraged environment and the difficulty of identifying financial partners. As such, the IFC can bring its financial and reputational strength to extend the project's development impact further into remote areas of production. The United States wishes to highlight that the IFC's Asset Management Company is considering co-investing in this project and welcomes the additional leverage it brings.

With these comments, the United States would like to be recorded as abstaining because the project proposal did not meet legislative requirements on timely disclosure of environmental impact assessments.