

OFFICE MEMORANDUM

DATE: 15 February 2011

TO: Meg Taylor, CAO

FROM: Bernard E. Sheahan, Director, CN2DR

EXTENSION: 39503

SUBJECT: Response to Ombudsman Assessment Report: Complaint regarding Mozambique Aluminium S.A.R.L. (Mozal) Investment – IFC Mozal II Project – ID Number: 10323

Thank you for providing us with your Assessment Report regarding the Mozal II Project.

We appreciate having had the opportunity to provide information to the CAO team prior to their visit, to be able to provide comments on the subsequent assessment report, and to have had several on-going meetings with the CAO team. As the CAO knows, IFC has continued to intensively monitor the project, prior to and after the complaint was received by the CAO's office.

IFC agrees with your suggestion that a facilitated problem solving process, where the parties seek collaborative opportunities to address the issues raised in the complaint, should be created. We understand from your memo that the stakeholders have not yet discussed the role of the IFC in the resolution process. Should the parties request IFC participation in the process, IFC would be willing to make its staff available to attend any future meeting(s).

We concur with the CAO report's recommendation on how to proceed with the complaint. We also agree, as noted in Para 5 of your report, that this presents a learning opportunity for IFC and is worthy of further examination and discussion within the institution.

In response to the specific comment about the content of AMRs, the very nature of this emergency, caused by the unexpected discovery of corrosion in structural elements of the FTCs, is such that we believe it unrealistic to expect that it could be resolved by improved E&S reporting practices.

However, we will examine this situation and would welcome the opportunity to discuss further with the CAO team in the context of CAO's previous advice about eliminating information deficiencies.

cc: Messrs./Mmes. R. Mahidhara, S.Vermaak, H.Ndlovu, K.Daude, R. English, S. Tavera, T. Butler