


OFFICE MEMORANDUM

DATE: June 28, 2011

TO: Meg Taylor, Compliance Advisor and Ombudsman, IFC / MIGA

FROM: Izumi Kobayashi, Executive Vice President, MIGA 

EXTENSION: 32503

SUBJECT: **Response to Ombudsman Assessment Report # 8113
(Complaint regarding Indonesia - PT Weda Bay Nickel Project)**

MIGA would like to acknowledge receipt of the CAO Assessment Report # 8113 on the PT Weda Bay Nickel Project in the Republic of Indonesia, dated June 9, 2011. We appreciate the opportunity to provide a written response to your report. We regret that a collaborative resolution was not possible for the first phase of your assessment. We remain available and committed to the CAO independent review and in this regard MIGA welcomes the constructive engagement and commentary of all relevant stakeholders in the projects that MIGA supports. This engagement ensures that MIGA-supported projects are held to the highest international standards and allows for public debate on the relevant issues. In order for MIGA to meet its mandate as an Agency promoting FDI into developing countries we have to give careful and thoughtful consideration to projects that potentially provide significant development impacts in the countries and regions where they conduct their activities.

We consider our engagement in the PT Weda Bay Project as most critical to mobilize capital to a region of the Indonesian archipelago that has few other viable commercial investment alternatives. Communities do not have extensive choices on alternatives that can improve their economic and social disposition. We acknowledge the complexity related to the potential development of this project. The sponsor has commissioned extensive and rigorous scientific studies to evaluate all related aspects and dimensions of the project. MIGA will deliberate on the results of these studies once they are concluded.

MIGA has in the past made a public written response to concerns raised within the NGO community to this project. In addition, we held meetings—with some of the concerned NGOs in Washington, Ternate and Jakarta during June, 2010.

All MIGA-supported projects must fully comply with the Performance Standards to ensure continued MIGA engagement. MIGA continues to monitor the progress of the feasibility work that is being carried out. MIGA's early engagement in the process provides external validation of mitigation measures that are in place to address all valid and relevant stakeholder concerns.

My team and/or I would be more than happy to discuss any further questions.

cc: Messrs./Mmes.: \ Adams, Thompson-Lewis (CCAVP); Inamdar (OPCOS);
Narayadu (MIGOP); Vish, Baharoglu, Pearce (MIGEP)