

Ifc Focus on Philippines, Papua New Guinea and Indonesia

The IFC is expanding its role in sustainable development of mining in Asia and this year is focusing on South East Asia, particularly Papua New Guinea, the Philippines and Indonesia.

IFC senior investment officer Karsten Fuelster, based in Jakarta, says each of these countries has significant mining prospects but they also face challenges such as developing regulatory frameworks and evolving social and environmental standards.

IFC is a member of the World Bank Group and its role is to finance private sector projects in developing countries. It acts as a partner to achieve international standards in corporate governance and environmental and social practices. Its objective is poverty alleviation through private sector investments.

Karsten Fuelster says: “We are looking at investment opportunities where our global environmental and social expertise can help mining companies implement projects in challenging environments and where we can act as a catalyst in raising project funding.”

IFC finances advanced mining exploration as well as mine construction and operation through a variety of financial products ranging from equity, mezzanine, subordinated to senior debt. IFC also invests in mining services, mine expansion and provides corporate funding. Increasingly, it is looking to make equity investments in junior companies during the early stages of project development. In these cases, IFC typically supports the completion of feasibility studies and assists in setting-up community development programs that help to secure a “social licence to operate” among local people.

As an example of the IFC’s focus on sustainable mining through early equity investments, Karsten Fuelster says: “We have recently invested in Far East Energy Corporation, a coal bed methane exploration project in China, promoting cleaner energy technology in a country that seeks to produce energy in ever cleaner ways.”

A sustainable approach to mining is no longer an altruistic endeavour – it is a business imperative. IFC points out that mining companies are guests in remote impoverished areas, often for 20-40 years. To ensure long-term success, mining operations must be strategic, transparent and equipped with qualified human resources to address the challenge of making mining sustainable in the long-term.

IFC has developed performance standards for corporations covering social and environment assessment and management systems. Effective local stakeholder management happens by design and many problems are avoidable with good planning, starting as early as during the exploration stage. Karsten Fuelster explains: “The earlier we engage with companies the more we can support their project development and assist in addressing environmental and social issues.”

As of June 2006, IFC's investment portfolio in all industry sectors in East Asia and the Pacific stood at US\$3253 million, with almost US\$1500 million in China, US\$606 million in Indonesia, US\$407 million in the Philippines, US\$20 in Thailand, and US\$104 million in Vietnam.

“We are looking selectively at investment opportunities throughout Asia and are currently talking to a number of potential clients. With IFC's financial, technical, environmental and social in-house expertise, we offer an attractive value proposition to clients,” Karsten Fuelster says.

Post Published: 29 August 2010

Powered by [WordPress](#) Copyright © 2010 Grandonk dot Com All rights reserved News Magazine Theme 640 designed by antisocialmediallc.com