

**IMPLEMENTATION OF THE MANAGEMENT RESPONSE  
TO THE  
EXTRACTIVE INDUSTRIES REVIEW**

**January, 2009**



# Implementation of the Management Response to the Extractive Industries Review

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## ABBREVIATIONS AND ACRONYMS

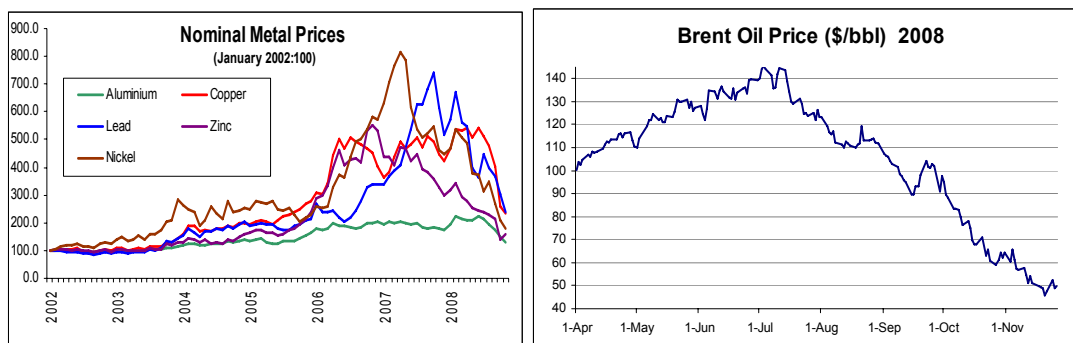
AAA	Analytic and Advisory Activities
ASM	Artisanal and Small-Scale Mining
CAO	Compliance Advisor/Ombudsman
CAS	Country Assistance Strategy
CASM	Communities and Small-Scale Mining
CODE	Committee on Development Effectiveness
CommDev	Oil, Gas and Mining Sustainable Community Development Fund
DFID	Department for International Development
EE	Energy Efficiency
EI	Extractive Industries
EIR	Extractive Industries Review
EITI	Extractive Industries Transparency Initiative
EITAF	Extractive Industries Technical Assistance Facility
EITAG	Extractive Industries Technical Advisory Group
FY	Fiscal Year (ending June 30 <sup>th</sup> for the WBG)
GGFR	Global Gas Flaring Reduction Partnership
GHG	Greenhouse Gas
GRICS	World Bank Institute Governance Indicators
HGA	Host Government Agreement
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IBRD	International Bank for Reconstruction and Development
ICMM	International Council on Mining and Metals
IDA	International Development Association
IEA	International Energy Agency
IFC	International Finance Corporation
IGA	Inter-government Agreement
IMF	International Monetary Fund
IUCN	World Conservation Union
LICUS	Low-income Countries Under Stress
MDGs	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
MR	Management Response to the Extractive Industries Review
New-RE	Renewable Energy excluding hydro with capacity more than 10MW
NGO	Nongovernmental Organization
OECD	Organization for Economic Co-operation and Development
OED	Operations Evaluation Department
OEG	Operations Evaluation Group
OEU	Operational Evaluation Unit
PRSP	Poverty Reduction Strategy Paper
RE	Renewable Energy
SPI	Summary of Project Information
SME	Small and Medium Enterprises
TA	Technical Assistance
UJV	Unincorporated Joint Venture
UN	United Nations
UNEP	United Nations Energy Program
WBG	World Bank Group

## EXECUTIVE SUMMARY

This is the Fourth annual report on implementation of the Management Response to the Extractive Industries Review. It overviews progress achieved and further information about World Bank Group (WBG) activities related to the extractive industries and projects it supported.

### *Sector Background*

Through the end of FY2008, commodity prices fell sharply and while some commodity prices (iron ore, coal, copper, fertilizers) remain above long term levels, many others are now back down to near pre boom levels. Continuing uncertainty in financial markets and slowing economic growth is likely to lead to a further fall in prices. For investors and governments, the turn around from only a year ago has been rapid and substantial. Lower prices will lead to less government revenues for resource exporting countries going forward, but in the case of oil importing countries in particular, lower oil prices will mean sharply lower import costs. For investors, the profitability of existing projects and the attractiveness of new investments have fallen, and, in a number of cases, access to finance has become a significant constraint. Projects are likely to be delayed and investment levels will fall.



### *Progress in Implementation of the Management Response to the Extractive Industries Review*

The WBG has continued to implement the Management Response to the Extractive Industries Review (EIR, Annex A). It continues to carefully assess the expected benefits of its engagement in the sector and the capacity to mitigate risks to these benefits. During the year, a renewed focus on the issue of governance and Extractive Industries (EI) was announced by the launch of an initiative intended to focus on addressing issues along the whole of the EI value chain (from the process by which resources are allocated through to the management and spending of revenues derived from extractive industries production). The WBG is now working with partners including governments to realize this, and in this respect has carried out “diagnostic” missions to a selected number of countries. These are expected in some cases to lead to further work with governments to address particular issues that were identified.

### *Global Initiatives*

As a part of its approach to helping ensure sustainable EI development, the WBG leads or supports a number of global initiatives addressed at specific EI issues:

*Extractive Industries Transparency Initiative (EITI).* The WBG strongly supports the implementation of the Extractive Industries Transparency Initiative (EITI) that continues to have a positive impact in the area of transparency about oil, gas and mining sector payments to governments. To date, thirty one countries have formally adopted EITI. The World Bank in particular helps support the initiative through: (a) administration of the EITI Multi-Donor Trust Fund that provides support to governments to implement EITI; (b) support to civil society to enable them to participate effectively in the multi-stakeholder process; and, (c) assisting the EITI Secretariat in its coordination function and by serving as an observer on the EITI Board.

*Petroleum Governance Initiative (PGI).* In October 2006, the WBG signed a Memorandum of Understanding with the Norwegian Government for a joint Petroleum Governance Initiative (PGI) in the context of Norway's Oil for Development agenda. The PGI is based upon the thematic pillars of Governance, Environment, and Community Development, and works at both the global and country-specific levels. With the assistance of PGI funding, work is being coordinated in a growing number of countries, including: Ghana, Uganda, Sudan, West Bank-Gaza and Yemen.

*Global Gas Flaring Reduction Partnership (GGFR).* The GGFR brings together industry, government and other stakeholders with the objective of reducing gas flaring world wide. The partnership continued to make progress in increasing awareness of gas flaring and working with stakeholders to mitigate it. Key highlights in FY2008 included five new countries joining GGFR. In the case of two significant gas flaring countries, Nigeria and Russia, the GGFR was able to help with practical steps to advance the cause of gas flaring reduction in these countries. In Nigeria it helped support the "Nigeria Flare Reduction Committee" established by oil operators and the government as a venue to agree on a clear execution plan to reduce flaring. In the case of Russia, the GGFR sponsored a study on associated gas utilization containing recommendations to help guide policy decisions and plans in that country.

*Communities and Small Scale Mining (CASM).* Artisanal and small-scale mining (ASM) involves very large numbers of people globally, and often raises complex social and environmental issues. Higher commodity prices and the move of many poor people into ASM in recent years have increased interest in Community and Small Scale Miners (CASM), a multi-stakeholder approach supported by the World Bank to promote more viable livelihoods within communities and rural areas where ASM is significant. Working with others to address these issues and to help ensure that such mining is sustainable is a focus of World Bank mining activities, especially in Africa.

### ***Engagement with Stakeholders***

In addition to its formal initiatives, the WBG continued to actively reach out to stakeholders in FY2008 in a number of ways. The WBG EI Advisory Group met in November 2008. In addition, as part of its approach to extending engagement across the EI value chain the WBG will bring together a new Technical Advisory Group to advise about related issues. This group will meet for the first time in mid January 2009. The WBG also has an active program of engagement with civil society and others about extractive industries issues generally and on specific issues. It is planning an "Extractive Industries Week" in March 2009 to bring staff and others together to discuss key issues, for example.

### ***Support for Renewable Energy***

The WBG increased its funding for renewable energy (RE) and energy efficiency (EE) projects and programs in developing countries in FY2008 by 87 percent. Total RE and EE commitments for the 2008 fiscal year ending June 30, 2008 reached nearly US\$2.7 billion. The WBG has exceeded its commitment made at the International Renewable Energies Conference in Bonn, Germany in 2004, to scale up financial support for “new” RE and EE projects by 20 percent per year between fiscal years 2005 and 2009. From FY2005 to FY2008, the WBG has committed about US\$3.7 billion, compared with the Bonn target of US\$1.3 billion for the same time period.

### ***Continued Demand for WBG Extractive Industries Financing***

WBG extractive industry financing in FY2008 grew by a third to US\$1,030 million. IFC investments accounted for 80% of the total, with the remainder coming from IBRD/IDA. Latin America, with close to 60% of the total, was the most important region (primarily due to Peru LNG) with the balance spread amongst the other regions. IBRD/IDA programs focused on government capacity building and policy support, environmental remediation, and gas and energy distribution. In keeping with its mandate to push for cleaner sources of energy, gas related investments accounted for nearly 60% of IFC financing, oil for one third and mining for the remainder. Smaller and local companies accounted for the larger number of IFC investments, with projects in IDA countries a priority.

IFC tracks the benefits generated by its EI projects as part of IFC’s Development Outcome Tracking System (DOTS) exercise. In calendar year 2007, for example, its EI portfolio is estimated to have contributed over US\$8 billion to government revenues and created or sustained over 71,500 jobs in 2007 directly or indirectly. Virtually all of these companies engaged in the development of local communities, spending about US\$109 million on activities in this area. Linkages to local businesses were strong with total spending on goods purchased from local and national suppliers of about US\$5.2 billion.

### ***Challenges Looking Forward***

Looking forward, the WBG is likely to face demands to help address EI challenges arising from the changed market environment. Countries facing sharp falls in EI revenues and a drop in interest by companies in new investments may look to the World Bank for assistance. Even investors with good long term development projects may find appropriate financing more difficult to obtain given developments in financial markets and increased uncertainty about commodity prices. IFC/MIGA will have a substantial countercyclical role to play in this respect.

The WBG’s new approach to helping countries address issues along the whole of the EI value chain, referred to as “EITI++”, has the promise to help countries make better use of their natural resources, but will require strong country ownership and partnerships between the WBG, governments and other stakeholders to successfully implement and make a difference for countries and their citizens. A new Extractive Industries Technical Assistance Facility (EI-TAF) being set up by the WBG is intended to help in this respect by providing support quickly to meet urgent demands for assistance.

## **Implementation of the Management Response to the Extractive Industries Review**

### **I. INTRODUCTION**

1.01 This is the Fourth report<sup>1</sup> to the Board on progress in implementing the Management Response (MR) to the reports of the Extractive Industries Review (EIR) and the WBG's (WBG) own evaluations<sup>2</sup>. The report summarizes WBG activities in the extractive industries (oil, gas and mining – EI) in FY2008, and reviews progress in the MR implementation.

### **II. KEY DEVELOPMENTS IN THE EXTRACTIVE INDUSTRIES SECTOR**

#### **COMMODITY PRICES FALL SHARPLY**

2.01 Commodity prices that had in some cases already come off recent highs have fallen sharply as the financial crisis has impacted the outlook for demand growth following a time of strong supply growth.

2.02 Looking forward, as the financial crisis hits the real economy, demand will fall and prices could fall further. China will be critical with the risk of a period of slower, less resource intensive growth there helping keep prices down for some time. Longer term, demand for commodities is likely to continue to be strong in developing countries and prices will recover, with the timing uncertain. In the case of oil, prices will also depend to a large extent on OPEC's capacity to rein in supply in the face of a fall in demand and some expected growth in non-OPEC production. In the oil sector, state controlled companies control close to eighty percent of oil reserves with private investors increasingly concentrated in the most difficult countries and areas. As prices fall and capacity is shut in by OPEC to try and support prices, governments are likely in some instances to be reluctant to invest in new capacity that may only be needed when the economy picks up again.

2.03 EI share prices have plummeted since July 2008, especially for smaller companies, as commodity prices have started to come down. Oil companies' shares have generally fallen less than mining companies whose prices are down more than 70% in some cases since July 1<sup>st</sup> 2008.

2.04 Lower commodity prices, lower profits, and lower equity values for EI companies, despite some offset from lower input costs, will lead to the postponement of projects - especially those with large capital costs and long payback periods. Costs which have been pushed up in the last few years by shortages of skilled personnel and equipment, and higher steel and other material prices, are likely to come down but with a lag. Governments will receive lower tax revenues than expected and will face more difficult negotiations when it comes to new projects.

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<sup>1</sup> The third update was SecM2008-0044, IDA/SecM200-0061, IFC/SecM2008-0008, MIGA/SecM2006-0005.

<sup>2</sup> The WBG Management Response to the Reports of: The Extractive Industries Review; The Independent Evaluations by OED/OEG/OEU; The CAO Review. (R2004-0165/1, IFC/R2004-0180/1, MIGA/R2004-0053/1)

There are already signs that some governments are considering reductions in taxes to help encourage continued investment despite the fall in prices.

2.05 Smaller companies without good cash flows are already finding it difficult to access finance to continue exploration and appraisal programs. Further consolidation in the industry is likely as companies with producing and profitable businesses take over companies who have been more severely impacted by falling prices. Targets will include particularly those companies that are shut out of financial markets and have no access to cash flows but that have attractive long-term concessions.

### III. IMPLEMENTATION OF THE MANAGEMENT RESPONSE

3.01 Since the third report on implementation of the Management Response, further progress has been made in the implementation of its commitments. Annex A summarizes progress on specific objectives.

#### RENEWABLE ENERGY

3.02 The WBG increased its funding for renewable energy (RE) and energy efficiency (EE) projects and programs in developing countries in FY2008 by 87 per cent<sup>3</sup>. Total RE and EE commitments for the year ending June 30, 2008 reached nearly US\$2.7 billion. The commitments by the WBG, including Carbon Finance operations and co-financing support from the Global Environment Facility (GEF), were made up of the following:

**Table 3.1 WBG Commitments for Renewable Energy and Energy Efficiency in FY 2008**

Source of funds	Commitments in FY2008 (millions of US dollars)			
	New Renewable Energy	Hydro > 10MW	Energy Efficiency	Total
World Bank	272	625	719	1,616
- IBRD/IDA	117	601	624	1,343
- GEF	90	0	55	145
- Carbon Finance	65	24	40	128
IFC	115	361	473	949
- Own Funds	72	361	473	906
- Carbon Finance	39	0	0	39
- GEF	4	0	0	4
MIGA	88	21	0	110
Total	476	1,007	1,192	2,675

Note: Some columns may not add up exactly due to rounding

3.03 Renewable energy and energy efficiency investments made up 35 percent of total WBG energy commitments for the year (up from 13 percent per year on average in the early 1990s) with 95 projects in 51 countries, as well as two cross-border projects. In 2004, at the International Renewable Energies Conference in Bonn, Germany, the WBG committed to

<sup>3</sup> For further information see [www.WorldBank.org/energy](http://www.WorldBank.org/energy)

increase its financial support for new renewable energy and energy efficiency projects by 20 percent per year between fiscal years 2005 - 2009, compared to a baseline commitment of US\$209 million. From then until the end of FY2008, the WBG more than exceeded that goal, committing cumulatively close to US\$3.7 billion to such projects, compared with an implied commitment goal of US\$1.3 billion.

3.04 The WBG's strategic framework for climate change and development<sup>4</sup> that was considered by the Board in FY2009 provides an overall framework for the WBG activities in EI and climate change. EI projects will be included in pilots that are being undertaken to measure portfolio greenhouse gas emissions and that are looking at the issues relating to the use of shadow costs in project economic analysis. The approach to climate change and development in so far as EI specifically are concerned will be further considered as a part of a proposed new WBG Energy Strategy.

## **GLOBAL INITIATIVES**

3.05 The WBG is leading or actively involved with the implementation of four global initiatives.

### ***Extractive Industries Transparency Initiative***

3.06 The WBG continues to strongly support the implementation of the *Extractive Industries Transparency Initiative (EITI)*<sup>5</sup> through (a) administration of the EITI Multi-Donor Trust Fund, (b) support to civil society, and (c) assisting the EITI Secretariat in its coordination function and serving as an observer on the EITI Board.

3.07 Since inception, the EITI principles have become a well-established and recognized standard for resource revenue transparency. At the country level, 31 developing countries have formally adopted EITI (see Annex F). The EITI Board has formally declared 23 of these as “candidate” countries for EITI and is awaiting information from another 8 countries – and a further 9 countries are at early stages of dialogue or sign-up steps. A full list of these countries and their status is shown in Annex F. Ten of these countries (six of them in Africa) have advanced in their EITI implementation to the stage of having issued one or more EITI Reports. Norway became the first Part I resource-rich country to announce that it will adopt EITI. In addition, the WBG is working with 6 other countries which are in dialogue about possibly adopting EITI.

3.08 When the Multi-Donor Trust Fund (MDTF) work program began in 2005, the initial focus of the EITI team and the MDTF was on outreach to help support the initial set of countries to implement EITI as national processes. As the take-up of EITI grew, the EITI portfolio of countries grew substantially, and the global EITI architecture solidified (EITI Board formed and Secretariat launched in Oslo), the emphasis of the EITI team and MDTF work also evolved. The World Bank work program is no longer mainly about outreach to new countries but also includes: (i) active implementation support to a growing volume of countries; (ii) focused support to countries to meet EITI Secretariat goals such as the intense pre-validation exercise of

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<sup>4</sup> Development and Climate Change A Strategic Framework for the World Bank Group (SecM2008-0375)

<sup>5</sup> For more information on the EITI see [www.eitransparency.org](http://www.eitransparency.org)

late 2007 (to get countries to become candidate countries); and (iii) a proactive effort to expand global knowledge and learning, leveraging the accumulated implementation lessons/experiences within the EITI team and MDTF.

3.09 These strategic goals remain, but, in view of the validation deadlines established by the EITI Board (early 2010 in most cases), the two key challenges the EITI team expects to address over the coming 12-18 months will include: (i) urgent technical assistance, especially for countries issuing their first EITI reports, to help countries be ready for—and actually fund and undertake—the validation process within the two-year deadline; and in this respect (ii) specifically target proactive assistance to slower-moving countries. In addition, the EITI team will focus on very close coordination, internally and with countries, with any parallel work on the value chain agenda. In parallel, the team will also need to be responsive to meeting demand from new countries interested in EITI or wishing to adopt EITI, and continuing the program of global knowledge and learning activities. In this respect, the World Bank is working actively with and helping increase the capacity of other international institutions such as Africa Development Bank and Asia Development Bank so that they can work effectively with countries in implementing EITI in their regions.

3.10 From January 1<sup>st</sup>, 2007, IFC required all EI investors it supports to make public payments to government from their operations. During 2008, it followed up with investors to review the practice and as a result, it has set up a web-site to facilitate ready access to the information made public by companies for the year ended December 2007. In addition, from January 2009, IFC will clarify its requirements for clients and will require disclosure in a more consistent form for all companies. In recent years, other institutions, such as OPIC and EBRD, have followed IFC's lead and IFC has provided advice to them in this respect.

### ***Petroleum Governance Initiative (PGI)***

3.11 In October 2006, the WBG signed a Memorandum of Understanding with the Norwegian Government for a joint Petroleum Governance Initiative (PGI) in the context of Norway's Oil for Development agenda. The PGI is based upon the thematic pillars of Governance, Environment, and Community Development, and works at both the global and country-specific levels. The total level of support from Norway is planned to be some US\$9 million over the first three years (to end-FY2009).

3.12 Activities currently being supported under the Governance pillar focus on country-level coordination of technical assistance with the aim of ensuring coordination of WBG and Norwegian support in the petroleum sector. This is a priority because the WBG and Norway are by far the largest providers of technical assistance to developing countries in the petroleum sector. With the assistance of PGI funding, work is being coordinated in a growing number of countries, including: Ghana, Uganda, Sudan, West Bank-Gaza and Yemen. Work under the Environment pillar encompasses: a survey of environmental management systems for oil and gas, a strategic assessment of the social and environmental challenges of offshore oil development in Mauritania, and preparation of a tool-kit for safe abandonment of petroleum fields and mines.

3.13 The Community Development pillar activities have been focused on increasing the capacity of local municipalities to manage oil revenues in Colombia, and development of an online information clearinghouse on community development in relation to the extractive

industries. The PGI is using IFC's Oil, Gas and Mining Sustainable Community Development Fund (CommDev - see page 12) as a vehicle for its engagement in this area.

### ***Global Gas Flaring Reduction Partnership (GGFR)***

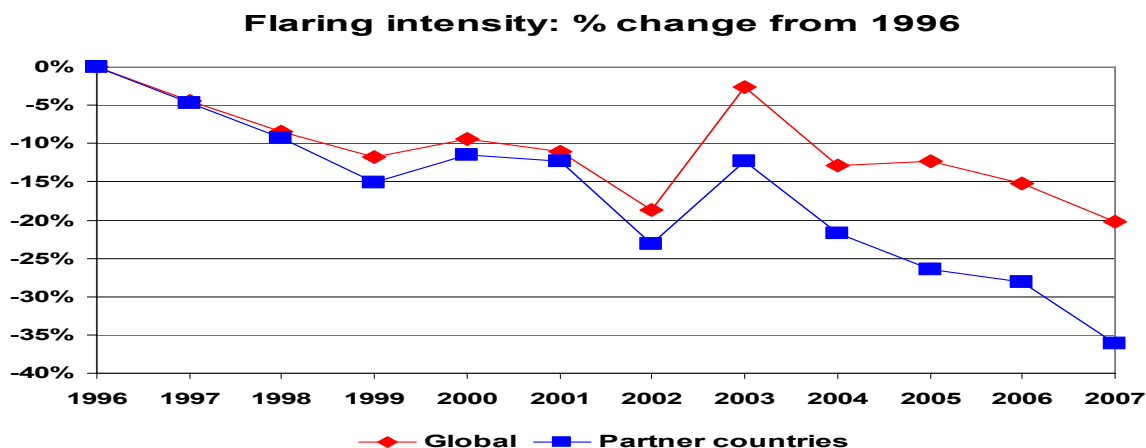
3.14 The GGFR continued to make progress in increasing awareness of gas flaring and working with stakeholders to mitigate it. Key highlights in FY2008 include Nigeria and Russia, the two largest flaring countries, taking steps to address gas flaring. The GGFR facilitated the "Nigeria Flare Reduction Committee" which has been established by the oil operators in Nigeria and the government as a venue for dialogue and cooperation to agree on a clear execution plan for implementing Nigeria's Associated Gas Utilization Plan to reduce flaring. The GGFR-sponsored study on "Associated Gas Utilization in Russia" contains key recommendations that could help guide policy decisions and plans in that country. GGFR is currently working with the Ministry of Natural Resources and Environment (MNRE) to improve the reliability of associated gas data in Russia and develop its flare reduction policies.

3.15 In 2008, membership of the GGFR initiative has increased. New country members include the first two Middle Eastern countries to join the initiative, Iraq and Qatar, as well as Azerbaijan, Uzbekistan and Gabon. The public visibility of the GGFR partnership has increased substantially, particularly in mainstream media such as The Wall Street Journal, The Financial Times, The Economist, and the International Herald Tribune.

3.16 The GGFR partnership has also become a focus for new small-scale natural gas conversion and transportation technology developers. The GGFR and Methane to Markets Partnership (US EPA) jointly organized a forum on flare reduction and gas utilization in Amsterdam in December 2008. This forum highlighted the use of innovative small-scale gas utilization technologies in addition to discussing methods to improve natural gas market development and instituting regulatory and operational best practices.

3.17 Looking forward, the partners involved in the GGFR partnership will consider the extension of the initiative into a third Phase given the need to continue addressing the issue generally and emerging work programs that cannot be completed before end 2009. Based on satellite imaging, the level of global flaring in 2006 was 157 bcm, a decline of 5 bcm from 2005 and a further decline of 10 bcm took place in 2007. This recent downward trend contrasts with the 2000 to 2005 period in which global flaring remained relatively flat. The GGFR core team believe that the trend in flared associated gas on a barrel of oil equivalent basis (flaring intensity) may be the best indicator of overall progress on gas flaring reduction as it takes into account the level of oil production. In this connection, the graph below, which shows a significant downward trend in flaring intensity, is encouraging

**Figure 3.1 Flaring Intensity per Barrel of Oil Produced – Percent Change from 1996**



### *Communities and Small Scale Mining (CASM)*

3.18 Artisanal and small-scale mining (ASM) remains a focus of Bank mining activities, especially in Africa. Higher commodity prices and the move of many poor people into ASM in recent years have increased interest in CASM. In June 2007, the G8, in a joint statement about development and EIs, expressed its support for CASM. Established in 2001, CASM contributes to the reduction of poverty and the promotion of more viable livelihoods within communities and rural areas where ASM is significant, through social, economic, and environmental changes. CASM’s objectives are fully aligned with the Millennium Development Goals.

3.19 The major themes developed during FY2008 and continued into FY2009 include (a) large-scale mining and ASM conflicts; (b) gender; and (c) certification and fair trade. CASM’s global activities include (i) advocacy, awareness building, and fundraising; (ii) networking and coordination of ASM development programs; (iii) dissemination of best practices/knowledge (6 new publications); and (iv) actively building partnerships with other developmental agencies and the private sector (more than 40 public, private, and civil society entities are associated with CASM, including major private mining associations). Regionally, CASM activities are implemented through networks in Africa, Asia/Pacific, and China. Regional CASM networks support government ASM policies, knowledge sharing, and grass roots development programs.

3.20 The 8th Annual CASM Conference was held in Brasilia, Brazil from October 6th-12<sup>th</sup>, 2008. The number and diversity of participants increased again in 2008, with over 300 participants, ranging from Mining Ministries, to NGOs, to Donors, to Small-scale Miners, from 40 different countries convened to discuss “Digging to Deliver Development”. Emerging issues that were discussed included how climate change and food security will impact ASM.

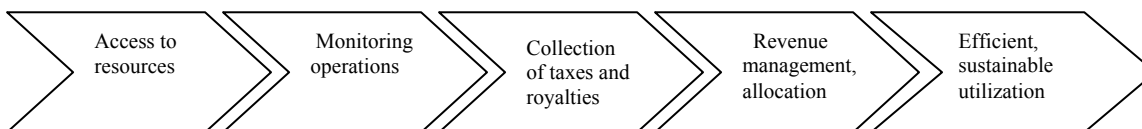
3.21 During FY2008, CASM continued to receive strong support from existing donors such as the UK Department for International Development (second year of a 2 year grant of US\$885,000 with additional funds committed for FY2009); the Government of Denmark (annual allocation of US\$100,000); and, the WBG (annual allocation of US\$200,000). However, broader donor support remains one of CASM’s key challenges.

## GOVERNANCE

### *Managing Issues Across the EI Value Chain*

3.22 The World Bank and other development partners have been working closely with developing countries on the sustainable management of oil, gas, and mineral resources for many years. However, faced with volatile commodities prices that until recently have been generating unprecedented revenues, there has been growing consensus on the need to step-up efforts, taking a more comprehensive and integrated approach particularly to the governance issues relating to EI. Accordingly, the World Bank President announced during the Spring Meetings a renewed focus by the WBG on helping countries ensure sustainable development from their extractive industries. A key component of the new approach (“EITI++”), is the need for resource producing countries to take a more consistent and comprehensive approach to the management of issues along the whole of the EI “value chain”: from how investors access exploration and development rights and under what conditions they develop resources; to the collection of taxes; to how revenues are accounted for and distributed among various levels of government; and, to their sound management and use.

**Figure 3.2: EI Value Chain**



3.23 Working with governments, the World Bank has completed a number of “diagnostic” missions to countries such as Colombia, Guinea, Madagascar, Mauritania, and Mozambique in order to test out the proposed approach in practice. The lessons of these missions are being reviewed and in some cases it is expected that new programs with governments to address key issues identified will be undertaken.

### *Demand for Rapid Response Advisory Assistance*

3.24 One immediate outcome of the missions has been to confirm that the World Bank needs more and better tools to assist countries in managing their natural resource sectors well. Particularly, in recent years, given the prospect of robust long term demand for commodities, the World Bank has received a growing number of requests from governments in Africa and elsewhere for rapid assistance as they have to deal with higher levels of interest in investment in their oil, gas and mining sectors at a time of volatile prices.

3.25 Governments need rapid access to experts who can help them establish appropriate frameworks for investments and to evaluate proposals that will be fair and hence more sustainable and robust to changes in circumstances and government, including the review of feasibility studies and environmental and social reviews/impact assessments. Offers to invest may be very complex and involve significant government commitments relating to infrastructure, for example. Poorly constructed agreements and frameworks may also result in the environmental and social/community framework in which development takes place being inadequate and resulting in excessive costs or damages to the host country and communities. Assistance may also be required to prepare for and assist in negotiations and in order to transfer

needed capacity and skills to government officials. While the World Bank is well equipped to respond to resource-rich countries' needs along most of the EI value chain, existing instruments are inadequate to provide this rapid-response advisory assistance that is being sought.

### ***Proposed Extractive Industries Technical Assistance Facility***

3.26 In order to meet such urgent demands for assistance, the WBG's Oil, Gas, and Mining Policy and Operations Unit (COCP0)<sup>6</sup> will establish and manage a global facility to provide the resources to meet this demand in a responsive and flexible way. The Extractive Industries Technical Assistance Facility (EI-TAF) will respond primarily to requests for rapid response advisory services from EI countries in regard to transactions, contract reviews/negotiations, licensing rounds/concession arrangements, including the appropriate environmental and social/community framework to guide development, and/or sector policy decisions requiring urgent attention (including identifying key longer term capacity building/reform programs).

3.27 As a part of the overall approach, advisory teams comprised of international, regional, and national experts (geophysicists, geologists, petroleum and mining engineers, financial experts, environmental and social development specialists, lawyers, etc.) would be assembled (pre-qualified, to the extent feasible, in a database of accredited vendors). Wherever feasible, simplified procurement procedures would be used. Appropriate confidentiality, risk mitigation provisions, and discharge of liability will be devised to protect the World Bank, consultants, and recipient countries.

3.28 The EI-TAF will also use a limited amount of its resources on knowledge management. It will: (i) provide an early framework of good practices and discussion of issues that may be relevant for governments faced with the task of making resources available (including exploration rights) to private investors. This (public good) framework will be updated periodically, and will provide an initial guide to governments as well as providing a framework for World Bank staff who are involved in rapid assistance to governments using the facility; (ii) the EI-TAF shall from time to time draw lessons from its experiences in financing assistance to governments and make these available in a format that can help others; and, (iii) on a selective basis, commission work that is urgently needed to inform governments and others about particular issues that come under the objectives of the EI-TAF. To date, a number of countries have indicated that they will likely support the facility.

### ***Extractive Industries Technical Advisory Group***

3.29 To provide additional inputs to WBG thinking about governance issues in resource rich countries, the World Bank has asked a group of academics and other thinkers on the issues to join a group to provide advice in this respect. The group will complement the existing WBG Extractive Industries Advisory Group that was set up following the Management Response to the Extractive Industries Review, and whose remit covers a much broader area of EI issues, including for example, environmental and community issues. The new group is expected to meet for the first time in January 2009.

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<sup>6</sup> COCP0 also manages the CASM, EITI and GGFR programs for the WBG

## ENSURING COMMUNITIES BENEFIT FROM EI

### *The Oil, Gas and Mining Sustainable Community Development Fund (CommDev)*

3.30 CommDev is a source of knowledge and funding for practical capacity building, training, technical assistance, implementation support, awareness-raising, and tool development for community development efforts integrally linked to extractive industry projects. CommDev serves as an integral component of an extractive industry project, enhancing, accelerating, and extending the value-added support given to communities beyond the compliance requirements of IFC investment projects and World Bank loans.

3.31 As of November 2008, CommDev has funded 15 technical assistance projects since inception valued at nearly \$3 million. Another 14 projects are in the pipeline. In addition to projects reported last year, examples of CommDev projects include Colombia (Participatory Monitoring of Mining Royalties), Global (Tool for Capturing the Incremental Benefit and Cost of Social Investment), Guyana (Public Health Pilot Training Program), Guinea (Scoping study to Increase Access to Finance in Mining Communities), Mali (Participatory Process for Planning Mine Closure), Peru (Community Participatory Monitoring around Peru LNG), and Russia (Foundation Capacity Building). All projects funded by CommDev generate public goods for broad distribution.

#### **Box 3.1 Commdev Support to Address Artisanal Mining in the Democratic Republic of Congo**

CommDev engaged with the large scale mining sector in Kolwezi, Katanga, local government, NGOs, and other key stakeholders to develop an integrated approach to artisanal and small scale mining that provides a strategic roadmap with a set of practical recommendations to be implemented jointly by companies, government, civil society and artisanal miners. Following eight months of research and consultation, a multi-stakeholder strategy has been developed for a peaceful transition to broad-based economic development and improved governance in Kolwezi. This Roadmap emphasizes the multi-faceted nature of the issues surrounding artisanal mining and proposes a series of initiatives accordingly: economic development, governance promotion, alternative livelihoods development, training and employment, promotion of safe and regulated artisanal mining, protection of vulnerable groups, elimination of child labor, and focused infrastructure development. Based on these recommendations, several new initiatives have since been separately funded by the private and public sectors, including activities related to the eradication of child labor, mining code dissemination, and the rehabilitation of the formerly renowned local mining institute. The local government has also made progress implementing actions towards a legal and safe artisanal mining environment.

3.32 CommDev is aiming to change the way community development projects are implemented. It is using leverage to require increased participation of stakeholders, greater definition of monitoring and evaluation frameworks, more practical tool development, increased use of local counterparts (in two cases previously trained by WBI), as well as building on existing internal and external expertise. It has also developed an information clearing house about community development in the extractive industries that is now in operation for one year (see Box 3.2).

**Box 3.2 The Extractive Industries Information Clearinghouse**

In response to growing demand for community development guidance by EI companies, one year ago CommDev launched its online Information Clearinghouse, a repository of CommDev's knowledge, case studies, tools, and research collected from its network of internal and external community development practitioners. It is the primary vehicle through which CommDev will disseminate information and engage practitioners to share experience.

The Clearinghouse is designed to be a resource for key stakeholders – companies, communities and local/regional governments – in this sector. CommDev.org has established itself as a “go to” resource for information and knowledge – through its partners and own experience – on grappling with community development issues in extractive industries. In 2008, approximately 200,000 people visited the site. The latest statistics show that nearly 600 users visit the site every day, with an average duration of 11 minutes per visitor. The hits on this site show a steady increase over the last year, tripling in number over 9 months. The countries registering the greatest number of users are the United States, United Arab Emirates, Great Britain, Argentina, Germany, Canada, South Africa, China, India, Australia, Saudi Arabia and Nigeria.

With over 2,000 resources available, this knowledge – through selective and thoughtful application – should contribute to “raising the bar” on how community development is implemented and establish a more sustainable, technically-grounded foundation for long-term socio-economic development in communities impacted by EI. It offers a Resource Center organized into 22 key topic areas, a set of tool kits that give users the guidance to practically implement projects, and numerous links and case studies, all chosen to respond to the requests for assistance from stakeholders. CommDev is now building an interactive platform that will be an important vehicle for creating a network of practitioners to share concrete ideas, approaches, issues, and successes.

***Gender Issues***

3.33 The Extractive Industries and Gender Program developed by the World Bank's Oil, Gas and Mining Policy Division (COCPO) is progressing well. A guide, based on research carried out in Peru, will soon be published and piloted in the private sector. The Guide focuses primarily on improving development impacts for women in communities near extractive industries operations rather than women in the company workforce and provides clear practical suggestions about what companies can do to improve their practices and mainstream gender through their operations. Related activities include a publication on Gender and Extractive Industries emphasizing both the development and business case for gender mainstreaming.

3.34 A two day International Workshop on Mining, Gender and Sustainable Livelihoods was held jointly with the Australian National University (ANU). The main objective of the conference was to explore and analyze a range of complex and interconnected questions and issues relating to mining, gender and sustainable livelihoods. Another workshop was held during the annual Community and Small Scale Mining (CASM) conference on gender, in-migration and indigenous people. Funds have been mobilized for the preparation of a framework to address gender issues in artisanal and small scale mining (ASM) and in particular to help reduce and mitigate the health and safety risks and potential social harm to women associated with ASM.

**Box 3.3 Working with the Private Sector to help Women Benefit more from Mining**

CommDev is working with Lonmin, a platinum mine in South Africa, to promote workforce transformation and community development. One key focus of IFC's work is to help Lonmin to meet its Women in Mining targets as required by the South African Mining Charter. Since the program began in October 2007, Lonmin has hired over 500 additional women, thereby increasing its female workforce by 42%. IFC is currently working with Lonmin on 13 Women in Mining initiatives including building female change houses, updating policies and procedures, and implementing an alternative job placement system for pregnant women who work underground.

**MITIGATING ENVIRONMENTAL AND SOCIAL RISK**

3.35 A number of the key recommendations in the Management Response were subsequently reflected in IFC's new Policy and Performance Standards on Social and Environmental Sustainability that came into effect in April 2006. IFC reported to the IFC Board on progress on the first 18 months of application in December 2007<sup>7</sup>. It is intended to report back to the Board on implementation over the three years since the Standards introduction at end FY2009. A process of independent review will then begin to consider what policy updates are required in the first half of FY2010. The Performance Standards have now been adopted by more than 60 "Equator Banks" (including institutions such as export credit agencies) as the basis for their financing activities including activities in the extractive industries.

3.36 As of April 30, 2007, new versions of the *WBG Environmental, Health, and Safety (EHS) Guidelines* have been in use. The new EHS Guidelines were developed as part of a two and a half year review process, and are intended to be 'living documents' that will be updated on a regular basis going forward. As part of this update process, new "Mining" guidelines were finalized in December 2007 and join four other updated guidelines specifically for the extractive industries: Offshore Oil and Gas Development, Onshore Oil and Gas Development, LNG Facility and Base Metal Smelting and Refining.

**IV. WBG EI FINANCING FY2008**

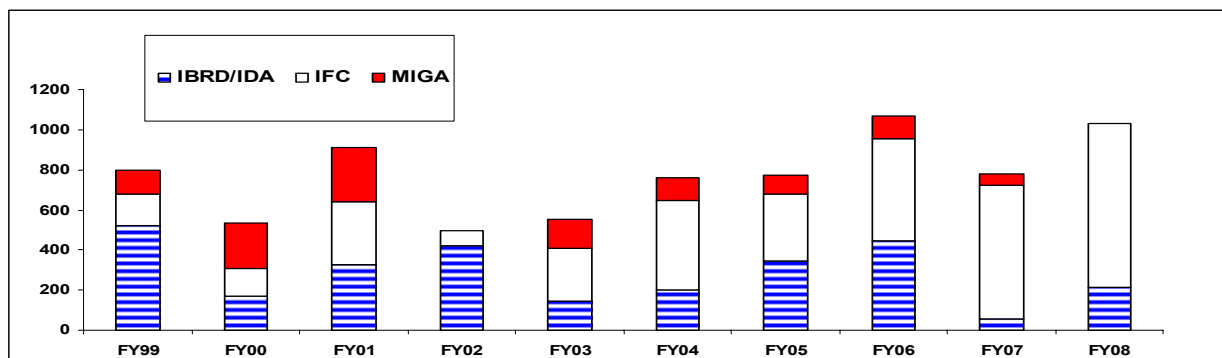
4.01 The overall volume of WBG EI financing in FY2008 was US\$1030 million, an increase over FY2007 of 33%<sup>8</sup>. IFC investments accounted for 80% of the total financing volume, with the remainder split between IBRD (7%) and IDA (13%). Latin America with close to 60% of the total was the most important region (primarily due to Peru LNG) for overall WBG financing in FY2008 with the balance spread amongst the other regions.

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<sup>7</sup> IFC's Policy and Performance Standards on Social and Environmental Sustainability and Disclosure Policy: Progress Report on the first 18 Months of Application, December 14<sup>th</sup>, 2007. IFC/SecM2007-0052

<sup>8</sup> Details provided in Annex B.

**Graph 4.1 WBG EI Financing By Institution FY1999-08**



4.02 The growth in the volume of funding in FY2008 was driven by an increase in IFC lending and in particular the financing of US\$300 million to support the Peru LNG project. By sub sector, funding was concentrated in the gas sector, a relatively clean source of energy.

**Table 4.1 WBG FY2008 Financing by Sub-Sector**

Institution	New Capacity Investments (US\$ Millions)			Other
	Mining	Oil	Gas	E&S and Policy Capacity Bldg
IDA <sup>9</sup>				135.58
IBRD			75.00	
IFC	65.45	278.97	475.50	
MIGA				
<b>Total</b>	<b>65.45</b>	<b>278.97</b>	<b>550.50</b>	<b>135.58</b>

**IBRD/IDA**

4.03 IBRD/IDA financed 10 programs in FY2008 for a total of US\$210.5 million. These programs were often part of larger projects with a range of objectives. None of the programs were to support investment directly in new extractive capacity although the \$75 million financing in Egypt was intended to broaden the use of natural gas as a substitute for more valuable Liquefied Petroleum Gas (LPG). Objectives of the other financings included government capacity building and policy support, environmental remediation and energy distribution across a number of countries in Africa, MENA, ECA and East Asia.

**IFC**

4.04 In FY2008, IFC committed 24 EI financings for a total of US\$819.8 million for its own account of which 8% was for mining, 58% for gas and the balance of 34% for oil. Almost all of IFC’s financing in terms of numbers and about 60% in terms of US\$ volumes was with smaller international and local companies. IFC’s largest single financing was its financing of the Peru

<sup>9</sup> Includes IDA/IBRD blend countries – See Annex B

LNG liquefaction plant to support the development of the first LNG project in Peru and Latin America.

4.05 Some of the expected development impacts of IFC investments in the Oil, Gas and Mining Sectors in 2008 are:

- These companies will create or preserve 4,648 direct jobs;
- Over the same period they will contribute about US\$1 billion to government revenues;
- Spend approximately US\$4 million on community development activities; and,
- Make a strong contribution to development of the domestic economy through linkages with local supplier. The total value of goods and services purchased is expected to be in excess of US\$550 million.

4.06 These benefits complement the contributions made by existing IFC portfolio companies in the Oil, Gas, Mining and Chemicals Industries. An aggregation of results undertaken as part of IFC's Development Outcome Tracking System (DOTS) exercise indicates that, collectively, the companies in IFC's oil, gas and mining portfolio contributed over US\$8 billion to government revenues and created or sustained over 71,500 jobs in 2007 directly or indirectly. Virtually all these companies engaged in the development of local communities, spending about US\$109 million on activities in this area in 2007. Linkages to local businesses were also strong, with total spending on goods and services purchased from local and national suppliers of about US\$5.2 billion in 2007<sup>10</sup>. Box 4.1 provides examples of projects being supported by IFC where it is working with investors to enhance the local development impact of their projects.

**Box 4.1 Examples of Projects where Investors, with IFC's Assistance are Working to Broaden Local Development Impacts**

**Ahafo Gold Mine Development, Ghana**

In 2007, IFC joined our client, Newmont Mining, to launch a program that offers sustainable economic opportunities to communities affected by Newmont's operations in Ahafo, Ghana. As of December 2008, new supplier contracts worth \$8.9 million have been awarded to 125 local MSMEs and 47 local entrepreneurs have completed the first stage of a mentoring program focused on management and technical productivity. Other income-generating opportunities have been identified and developed in egg production, vegetable farming, and pottery and brick production. Our efforts have strengthened the local business association and built the capacity of 19 local trainers; and activities for women's economic participation, HIV/AIDS awareness, and other health-related education will soon be launched. While communities benefit from the supplier contracts, local governments report a 35 percent increase in their tax revenue base over previous years.

**Cairn India Oil Development, Rajasthan India**

IFC has been engaged with Cairn since 2004 through several investments and assistance with local economic development programs. IFC is currently partnering with Cairn on an Enterprise Center, a rural dairy development project, and a child and maternal health initiative in one of India's least developed states, Rajasthan. The programs draw heavily on experience from IFC's experience implementing similar programs in Chad and Azerbaijan. As of December 2008, results included 1,800 women and children being reached by the program child and maternal health program, 781 farmers benefiting from the dairy project and over 3,200 (1,200 women) receiving skills training by the Enterprise Center.

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<sup>10</sup> For further information see IFC's Annual Report for the year ended June 30<sup>th</sup> 2008 (Pages 78 and 79).

## **CHAD CAMEROON PIPELINE PROJECT – ENVIRONMENTAL AND SOCIAL MONITORING**

4.07 Following the World Bank's exit from the Chad-Cameroon Oil and Pipeline Project in September, 2008, IFC has continued to supervise the environmental and social impacts of the project in both countries, including most recently through a supervision visit in November 2008 to the Oilfield Development Area (OFDA) in Kome.

4.08 The purpose of the latest supervision trip was to follow up on the implementation of the Land Use Management Action Plan (LUMAP), as well as the continuing infill drilling program, which was initiated to maintain production levels. The project has drilled, as of July 2008, a total of 227 additional wells in the past 12 months, including 116 during the first 2 quarters of 2008. IFC monitors this ongoing infill program closely as it will continue to significantly affect previously impacted villages and individual households currently undergoing additional mitigation measures through the LUMAP. IFC has requested the development of a Cumulative Environmental and Social Impact Assessment (CESIA) for the Infill Program. It is expected that the first draft of the CESIA will be available by the end of January 2009.

4.09 The major issue affecting the Cameroon portion of the project is the current difficult financial situation of FEDEC (Foundation for Environment and Development). The Foundation was set up as a mechanism to mitigate pipeline impacts along the pipeline corridor. FEDEC provides funding, from the initial seed money provided by Cameroon Oil Transport Company (COTCO), to the three implementing agencies for programs for the indigenous people in the Lolodorf – Kribi corridor and the two offset parks, Campo Ma'an and M'Bam D'Jerem. FEDEC's capital is depleting due to, among other factors, higher than expected costs of implementing the programs. IFC has been working with the World Bank, COTCO, and FEDEC to address this issue in order to arrive at a sustainable solution.

4.10 A proposal for an Action Plan is currently being negotiated to (i) to review the existing two Park's Management Plans and budgets including the operational plans of the World Wildlife Fund/Wildlife Conservation Society and compare these with the original EMP budgets to establish a more realistic estimate of the cost of the park components; (ii) develop a long term Indigenous Peoples Plan; and, (iii) based on the previous items, to design and implement an institutional strengthening, capacity building and fundraising strategy for FEDEC. The objective would be to improve FEDEC's capacity to deliver on its long term role regarding the environmental and social compliance of the project, as well as the larger role FEDEC aspires to as a National Environmental Foundation.

## **V. OTHER ISSUES**

### **ADDRESSING STAKEHOLDER CONCERNS/EVALUATION**

5.01 During FY2008, the CAO's office received three new complaints about IFC Extractive Industries projects, and continued working on two from FY2007. Two complaints were received in respect of the BTC project. In one case, agreement was reached between the company and the complainant, and, in the other case, the dispute is now the subject of the Georgian courts. CAO Compliance is considering if an audit is warranted.

5.02 In addition, CAO Compliance disclosed the Audit Report related to the first complaint related to the Karachaganak project in Kazakhstan. This complaint was carried over from FY 2007. The audit remains open under monitoring. In the case of the second complaint received in FY2007, the CAO closed the case during FY2008 and referred the complainant to the CAO audit of IFC related to the first complaint. In the case of a third complaint concerning the Karachaganak project, the CAO Ombudsman is conducting an assessment

5.03 The Inspection Panel did not receive any requests for inspection in connection with extractive industries projects in FY2008. In respect of a request for inspection from 2007 concerning the West Africa Gas Pipeline, an Inspection report was delivered to the Board in April 2008 and a Management Response in June 2008. For more information see Annex E.

5.04 The WBG's Independent Evaluation Group (IEG) continued with their regular program of evaluation of project outcomes. Lessons learned are applied to new operations. In the case of IBRD/IDA, individual project reviews are accessible via (<http://www.worldbank.org/ieg>), and, in the case of IFC, a general analysis of its development results that includes a review of those for its EI projects are incorporated into its Independent Evaluation of IFC's Development Results 2008<sup>11</sup>.

5.05 In 2008, the World Bank Group's Independent Evaluation Group (IEG) conducted an evaluation<sup>12</sup> of how well the World Bank Group has supported public and private clients in their efforts to achieve greater environmental sustainability. Among the findings of the review was that IFC's EI projects had an Environmental and Social Effects (ESE) success rate of 74% suggesting good client supervision and careful IFC appraisal and supervision. The report's recommendations included that IFC and MIGA should also be concerned with and measure more fully the aggregate and supply chain impact—beyond individual project performance—of projects with large environmental dimensions—for example, in oil, gas, mining, energy, or agribusiness projects in high biodiversity regions.

#### **WBG EI ADVISORY GROUP**

5.05 The fourth meeting of the WBG Extractive Industries Advisory Group was held in Washington in November 2008. The record note of the meeting is accessible at <http://www.worldbank.org/ogmc>. Issues discussed at the meeting included the activities of the WBG in FY2008, Transparency in EI, EITI++, Mineral Certification Schemes, the IFC approach to Broad Community Support, and developments in mining in Madagascar.

#### **PUBLICATIONS**

5.06 Bank staff carried out selective policy research work on EI related issues. Some recent publications (available at [www.worldbank.org/ogmc](http://www.worldbank.org/ogmc)) have included:

- Coping with Oil Price Volatility (ESMAP Publication Energy Security Special Report 005/08)

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<sup>11</sup> Accessible at: [http://www.ifc.org/ifcext/ieg.nsf/AttachmentsByTitle/IEDR2008FullReport/\\$FILE/IEDR+Complete+Report.pdf](http://www.ifc.org/ifcext/ieg.nsf/AttachmentsByTitle/IEDR2008FullReport/$FILE/IEDR+Complete+Report.pdf)

<sup>12</sup> Environmental Sustainability. An Evaluation of World Bank Group Support. IEG 2008

- Democratic Republic of Congo: Growth with Governance in the Mining Sector (WB 43402-ZR)
- Implementing the Extractive Industries Transparency Initiative: Lessons from the Field. (World Bank/EITI)

## **VI. CONCLUSIONS AND CHALLENGES**

6.01 The WBG has continued to implement the specific requirements of the Management Response to the Extractive Industries Review (Annex A), and to focus on sustainable outcomes for its activities with government and at the community and project levels. It continues to carefully assess the expected benefits of its engagement in each specific case, in particular with a view of the risks to these benefits and the capacity to mitigate these.

6.02 As it entered FY2008, some of the most urgent issues confronting the WBG in extractive industries were how to help countries manage the resources boom – in terms of large increases in revenues, increased interest in investment and in concerns about the fairness of contracts and sharing of the benefits of the boom. At the end of the year and continuing to the present, the short term market outlook has changed markedly – demand and prices have fallen, tax and other revenues will follow and some anticipated investments are going to be delayed. In contrast to concerns about recovering a fair share of project’s benefits, it may be that countries will start to be faced by companies wishing to renegotiate contracts signed in a period of higher prices because lower prices, cost increases and higher taxation have made them unviable. The WBG has a significant countercyclical role to play in helping its client countries and the private sector during this period.

6.03 At the same time, the longer term fundamentals remain in place despite volatile prices and the potential for some permanent demand destruction caused by the period of high prices that the world has gone through. There is huge potential demand for EI from developing countries that is likely to result in continuing demand growth over the long term. Prices will eventually recover even though they may fall further in the short term. New resources will continue to need to be found and brought on stream in developing countries. This will present great opportunities and challenges for countries to ensure that EI development is carried out in a sustainable manner and long term benefits are realized for the country and its people. For the WBG, the proposed approach of considering issues in a consistent way along the whole of the “EI Value Chain” offers an opportunity to work with government and other stakeholders more effectively.

## ANNEXES

### ANNEX A - Summary of Commitments in EIR MR

Summary of Commitments in EIR MR	
Commitment	Process/Actions
<p><b>Renewable Energy:</b></p> <ul style="list-style-type: none"> <li>20% pa growth in investment for new-RE and EE</li> <li>Enhance international cooperation in RE and EE</li> <li>Enhancement of reporting</li> </ul>	<ul style="list-style-type: none"> <li>New-RE and EE commitments in FY2008 were US\$1668 million. From July 2004 through June 2008, such commitments totaled US\$3.7 billion compared with the Bonn goal of US\$1.3 billion</li> <li>Continuing active engagement with international community.</li> <li>WBG RE &amp; EE Progress for 2007 published October 2008. 2008 Report will be published December 2008</li> </ul>
<p><b>Governance:</b></p> <ul style="list-style-type: none"> <li>Address relevant EI issues in CASs for resource rich countries</li> <li>Review of governance risks in projects &amp; review of use of governance indicators</li> <li>Mitigation in significant new projects</li> <li>Disclosure of assessment of governance</li> </ul>	<ul style="list-style-type: none"> <li>LICUS and CAS guidance notes operational. EI issues covered in FY2007 CASs/CPSs/ISNs. EITI++ approach to assessment of whole value chain</li> <li>Governance issues being considered in project appraisal and design</li> <li>New EI TAF will be operational from CY2009</li> <li>Being applied as needed</li> <li>Governance assessment referenced in IFC Summary of Project Information</li> </ul>
<p><b>Transparency:</b></p> <ul style="list-style-type: none"> <li>Requirement for significant new projects &amp; for all new projects within two years</li> <li>Support country led transparency work</li> </ul>	<ul style="list-style-type: none"> <li>From January 1<sup>st</sup> 2007, all new EI investments have disclosed payments to government. Compliance reviewed, new web site set up to help review and IFC requirements to be refined from January 2009</li> <li>Continued strong IBRD/IDA support for and momentum of EITI</li> </ul>
<p><b>Benefiting the Poor:</b></p> <ul style="list-style-type: none"> <li>Require projects to benefit local people and have broad community support</li> <li>Work with sponsors to broaden development impact</li> <li>SME programs</li> <li>Application of poverty indicators</li> <li>Support for capacity building</li> <li>Sustainable development facility</li> <li>Support for ASM program</li> </ul>	<ul style="list-style-type: none"> <li>Careful assessments and judgments being applied</li> <li>Being done routinely</li> <li>Extensive experience now being gained in a number of projects</li> <li>Initial results being reviewed &amp; consolidated with new IFC Development Tracking System (DOTS) – sector results in IFC Annual Report</li> <li>Applied as appropriate</li> <li>New Sustainable Community Development Fund fully operational</li> <li>Ongoing CASM initiative supported by new DFID and other financing</li> </ul>
<p><b>Mitigating Social and Environmental Risk:</b></p> <ul style="list-style-type: none"> <li>Revision of IFC guidelines addressing EI issues (submarine and river tailings disposal, cyanide etc)</li> <li>Review of no-go issues</li> <li>IBRD/IDA guidance on new project categorization</li> </ul>	<ul style="list-style-type: none"> <li>New EHS guidelines for EI now operational – Final guideline for mining published in 2008</li> <li>Issue reviewed on revision of IFC safeguards. Performance Standard 6 addresses issue – not no-go zones but “no-go circumstances”</li> <li>Guidance note issued in December 2005</li> </ul>
<p><b>Disclosure:</b></p> <ul style="list-style-type: none"> <li>Disclosure of expected project benefits</li> <li>Annual disclosure of project impacts by investors.</li> </ul>	<ul style="list-style-type: none"> <li>Addressed in revised IFC Disclosure policy review – EI project expected development impacts now being disclosed in SPIs &amp; tracked</li> <li>Investors being encouraged to disclose in appropriate form</li> </ul>
<p><b>Protecting Rights of People:</b></p> <ul style="list-style-type: none"> <li>Prior informed consultation</li> <li>Broad community support for projects</li> <li>Requirements about use of security forces</li> <li>Review core labor standards</li> <li>Broader human rights issues</li> </ul>	<ul style="list-style-type: none"> <li>Requirement in Sustainable Policy &amp; Performance Standard – with additional guidance in Guidance Notes. New IFC good practice guide on stakeholder engagement issued May 2007</li> <li>As above</li> <li>Requirements now in IFC Performance Standard 4</li> <li>Requirements now in IFC Performance Standard 2 – IFC Q&amp;A on ILO 169 for private sector issued March 2007</li> <li>WBG emphasis on understanding link with development - IFC toolkit being trialed</li> </ul>
<p><b>Ongoing Learning and Review:</b></p> <ul style="list-style-type: none"> <li>Establishment of Advisory Group</li> <li>Annual review of progress</li> <li>Lessons of review of joint IFC/Bank Department</li> </ul>	<ul style="list-style-type: none"> <li>Fourth meeting held November 24-25<sup>th</sup>, 2008. Record note published</li> <li>Additional policy advisory group established to meet in January 2009</li> <li>This is the fourth report</li> <li>WBG activities in EI continue to be focused in joint IFC/Bank Department for Oil, Gas, Mining and Chemicals</li> </ul>

**ANNEX B - WBG Extractive Industries Financing – FY2008****Table 1: IFC Extractive Industries Financing – FY2008**

<b>Project</b>	<b>Country</b>	<b>Sector</b>	<b>US\$m</b>	<b>Description</b>
Block Z1 (2 investments)	Peru	Oil/Gas	19.50	Gas development, transportation, processing and conversion to power
FEEC China CBM (2 investments)	China	Mining	19.25	Coal bed methane evaluation
Geopark RI	LAC Region	Gas	5.00	Capital Strengthening/improved corporate governance for local producer
IPR Egypt	Egypt	Oil/Gas	10.00	Exploration, appraisal and development of four oil fields in the Western Desert of Egypt
Kalukundi Equity	DRC	Mining	3.58	Feasibility study and exploration for cobalt and copper mining
Lydian (3 investments)	World	Mining	3.29	Exploration, feasibility study and E&S impact assessment of mineral resource properties in Kosovo, Armenia and Turkey
Maple Energy	Peru	Oil/Gas	10.00	Exploration and production of crude oil and natural gas
Melrose Resources	World	Oil/Gas	35.00	Oil and gas production
MSW Power	Indonesia	Mining	5.00	Construction and operation of a mine-mouth coal-fired power plant in Indonesia – mining component
PAE II	Argentina	Oil/Gas	150.00	Exploration, development and production of oil and gas
Pan American 2	Mexico	Mining	4.33	Exchange of IFC Loan rights for share warrants
Peru LNG	Peru	Gas	300.00	Development, construction and operation of LNG plant
Punj Upstream	India	Oil/Gas	27.87	Acquiring four onshore drilling rigs to serve oil & gas companies operating in India
QGOG Rigs	Brazil	Oil	50.00	Construction and operation of an offshore drilling rig
ROCH	Argentina	Oil/Gas	17.00	Oil and gas production and exploration
Salamander	Indonesia	Oil/Gas	50.00	Oil and gas production and exploration in Southeast Asia
Schahin Rigs	Brazil	Oil	50.00	Construction and operation of an offshore drilling rig
Simandou II	Guinea	Mining	30.00	Exploration for iron ore mining
Vostok (2 investments)	Russian Fed.	Gas	30.00	Gas production investment
<b>TOTAL IFC</b>			<b>819.82</b>	

**Table 2: IBRD/IDA Extractive Industries Financing – FY2008**

	<b>Project</b>	<b>Country</b>	<b>Sector</b>	<b>US\$m</b>	<b>Description</b>
IBRD	Natural Gas Connections Project	Egypt, Arab Republic	Oil/Gas	75.00	To switch consumption of liquefied petroleum gas (LPG) for natural gas
IDA*	Natural Resources and Environmental Govern. Development Policy Operation	Ghana	Mining	5.80	To implement reforms in the inter-related sectors of forestry and wildlife, mining, and environ. protection
	ARP I - Contaminated Sites Rehabilitation Project	Azerbaijan	Oil/Gas	26.82	To curtail environmental degradation in the Absheron Peninsula
	ARP III- Large Scale Oil Polluted Land Clean Up	Azerbaijan	Oil/Gas	60.00	To improve effectiveness in environmental management of oil polluted land in the Absheron Peninsula
	Energy Sector Recovery Development Policy Operation	Senegal		12.00	To ensure a sustained and sound long term development of electricity services and supply of petroleum products for Senegal
	Mining Sector Institutional Strengthening TA	Mongolia	Mining	9.30	To develop policy, fiscal, legal, regulatory and institutional framework for the mining sector
	Second Mining Sector Institutional Strengthening TA	Papua New Guinea	Mining	17.00	To mitigate health and safety risks for artisanal & small scale miners
	Economic Management and Governance Reform Development Policy Operation	Central African Republic	Mining	1.58	To strengthen public finance management, and to improve transparency in the mining sector
	Public and Natural Resources Management Development Policy Operation	Sao Tome and Principe	Oil/Gas	1.20	To improve accountability, and strengthen governance in the oil sector
	Energy Emergency	Tajikistan		1.88	Increase the volume and reliability of the national energy supply
	<b>TOTAL IDA</b>			<b>135.58</b>	
	<b>TOTAL IBRD/IDA</b>			<b>210.58</b>	
	<b>TOTAL WBG</b>			<b>1030.40</b>	

\* Including IDA/IBRD Blend

## **ANNEX C - Summary Expected Development Impacts of IFC Projects FY2008**

### **Block Z1** (*Two investments*)

Block Z1 is an integrated gas-to-power project in northwest Peru, near the border with Ecuador. The project will produce gas from gas reserves offshore and generate electricity for the growing demand for electricity in northern Peru. It will support the monetization of stranded natural gas reserves in Peru and will create regional markets for natural gas. The production and sale of gas will provide an important source of revenue to the country through royalties and taxes and create direct new employment opportunities. It will also substitute for more expensive and polluting imports of diesel and fuel oil, help reduce transmission constraints by reversing the flow of electricity from South to North, and in addition make sizeable annual contributions to local community development

### **FEEC China CBM**

The project is to complete an exploration program, including completion of the feasibility study and Social and Environmental Impact Assessment (SEIA) documentation, for coal bed methane (CBM) development and production in China. Development benefits at the gas production stage include environmental and associated health benefits from cleaner energy in what is largely a coal fired economy. For China as the world's third largest net importer of oil, the project will increase energy security. The project will also increase employment and fiscal revenues (royalties, taxes, and through government ownership interests in CBM production).

### **Geopark** (*Rights Issue*)

IFC's original investment in FY2007 was to support Geopark, a small independent South American exploration and production company with producing assets in both Argentina and Chile. The project was to finance a portion of the company's capital expenditure program which aims to increase oil and gas production. Through the development of its existing blocks and acquisition of adjacent blocks, the company will help meet domestic oil and gas requirements. It will thereby help Argentina and Chile maximize the use of their natural resources by developing much needed oil and gas reserves and increasing the recovery factor of marginal fields. It will provide full-time employment, support local communities and suppliers, and generate benefits for the national and local governments.

### **IPR Egypt**

IPR is a small independent oil and gas company engaged in the development of oil fields in Egypt. The project consists of the continued development, appraisal and exploration activities in six oil concessions located in the Western Desert and the Gulf of Suez. It is expected to result in benefits to the government through revenue payments and production sharing. It will also create local employment and help develop the local oil services industry through its spending on local goods and services.

### **Kalukundi Equity**

Africo Resources Limited (ARL) is a listed junior Canadian mineral exploration and development company and a sponsor of the Kulukundy Cobalt-Copper project. The proposed IFC investment will contribute to on-going exploration activities to convert resources to reserves, on-going feasibility study work, and the up-grading of the environmental and social impact assessments to international standards for the Kalukundi Project. The project is expected to contribute to local economy through payments to Government, suppliers and employees, and to community development through funding of social development programs. It is also expected to provide

direct and indirect employment opportunities for local community and demonstration effects in terms of the application of IFC environments and social standards.

**Lydian** *(Three investments)*

The project is the continued exploration of Lydian Resource Company's mineral properties in Kosovo, Armenia and Turkey, including feasibility studies, environmental and social impact assessments and other preparatory activities. Potential development impacts at the mine production stage include employment, foreign currency exports, and taxes and royalties at the federal, regional and local levels.

**Maple Energy**

Maple Energy is an independent, privately-held integrated energy company with assets and operations focused in Peru. The project involves further exploration and development in the company's hydrocarbon concession, and, the possible future development of a green field ethanol project. The project will increase Peru's indigenous sources of energy through extending production levels in currently producing fields and the monetization of stranded natural gas reserves, gas liquids and oil, in the central east area of Peru. It may also lead to new hydrocarbon discoveries. Production of bio-ethanol, if it progresses, will boost the agricultural sector in Piura and produce a renewable, less polluting fuel. The production and sale of hydrocarbons and ethanol will both provide an important source of revenue to the country through royalties and taxes, and skilled employment opportunities for Peruvians.

**Melrose Resources**

Melrose is an oil and gas exploration and production company with a balanced portfolio of producing assets, development projects and exploration interests in Bulgaria, Egypt, France and the United States. The project is expected to contribute benefits in the form of employment, taxes for government and the local supply of oil and gas in Egypt and Bulgaria. In addition, the project will help supporting local communities and suppliers in the area of project operations.

**MSW Power**

The project is to construct, own and operate a 60MW (2x30MW) mine-mouth coal-fired power plant in South Kalimantan, Indonesia, including a captive coal mine. The project will sell its capacity and energy to PT Adaro Indonesia under a 13-year Power Purchase Agreement. It plans to sell excess electricity to the local power grid and will thereby provide much-needed electricity generation capacity to address continuing supply shortages in the grid system in Kalimantan. The project will also generate benefits for local communities and suppliers as well as taxes for government.

**PAE II**

Pan American Energy LLC is the second largest oil and gas producer in Argentina and has blocks located in the four major hydrocarbon basins - Golfo San Jorge, Austral, Neuquina and Northwest. The project will help finance the continued development and production of the Cerro Dragon block in the Golfo San Jorge basin, which represents approximately half of the company's total production. The project will help alleviate the current gas shortage in Argentina, will contribute to the employment growth, significant payments of tax revenues to both the federal and regional governments, purchases from local and national suppliers, and investment in social and community development.

**Pan American 2** *(Exchange of IFC loan rights for share warrants)*

IFC's original investment in 2003 was to finance La Colorada silver mine in Mexico, sponsored by the Pan American Silver Corporation. The project involved the rehabilitation and expansion of

an existing underground silver mine; the installation of a processing plant; the clear out of environmental and health hazards associated with the former operation; the provision of clean water, electricity, and other services to local citizens; and an SME component whose objective was to stimulate local sourcing of products and services, maximize the project's developmental impact and the quality of the project procurement. It was also expected to provide direct and indirect employment and help support a community in a remote and poor region.

### **Peru LNG**

The project consists of the development, construction and operation of the first LNG liquefied natural gas plant in Latin America. The project consists of a green field liquefaction train (the LNG Plant) and related marine facilities at Pampa Melchorita south of Lima, as well as a natural gas pipeline. The project will support the development and strengthening of the country's natural gas infrastructure and be a significant new source of exports for Peru. It will also contribute to job creation and to community development programs. A majority of Peru LNG's exports are planned to go to Mexico where they will help replace fuel oil for electricity generation with cleaner gas.

### **Punj Upstream**

A newly formed Indian oilfield services company, Punj Upstream, has been established by Punj Lloyd Limited (PLL) to participate in the opportunities afforded by the Indian exploration and production sector. IFC will provide early-stage funding for the new company to acquire four onshore drilling rigs to service cater to private and national oil and gas companies operating in India. Punj Upstream will set a new standard for exploration and production policies and procedures for drilling service companies by being the first Indian oilfield services company to adopt IFC's Environmental and Social Performance Standards. It will increase private sector participation in the oil and gas sector and promote competition. The project will also increase employment and the purchases of goods and services from local suppliers. The project will also contribute to decreasing the miss-match between potential supply and demand of oil in India.

### **QGOG Rigs**

The project involves development and production of an offshore drilling rig in Brazil. It will help develop the energy sector, strengthen the oil and gas support infrastructure in Brazil, and will promote domestic private sector participation in the oil and gas industry. The project will also generate increasing local linkage benefits, provide local employment and training, and help develop local skills in deep offshore rig operation.

### **ROCH**

ROCH is a small Argentinean oil and gas exploration and production company with hydrocarbon assets in central and southern Argentina. IFC will provide financing to the company for further exploration and development in its hydrocarbon concessions and for potential acquisition of new hydrocarbon assets. It will contribute to alleviation of a tight gas market in Argentina by increasing local supply. The project will also benefit the local economy through local purchasing, the creation and preservation of local employment, and through increased payments of taxes and royalties to the Federal and Provincial Governments.

### **Salamander** *(Three investments)*

Salamander is rapidly-growing independent oil and gas company founded in 2005 and exclusively focused on Southeast Asia and involved in production, development, appraisal and exploration activities. The project is expected to cover the expenditure needs and will support the development of natural gas reserves, which will promote the use of a cleaner fuel in the region. The Project will have a sustaining impact on existing employment levels, contribute to the

creation of new jobs, to Central and Local Government Revenues and is expected to have a positive impact on national and regional economic activity through the purchasing of equipment, products and services. Through its operation and exploration activities the project is also expected to promote competition and attract FDI in frontier countries.

**Schahin Rigs**

The project finances the construction of an offshore drilling rig in Brazil. It will help strengthen the oil and gas support infrastructure in Brazil, and will promote domestic private sector participation in the oil and gas industry. It will widen the number of players active in this sector will also generate linkages to local suppliers and increase local employment and training, and help develop local skills in the offshore oil sector.

**Simandou II** (*First investment in FY2007*)

IFC will provide further equity financing for the exploration of various high grade iron ore resource targets within a 110 km long zone in the Simandou Mountain Range in the Eastern Region of Guinea. The project will contribute to continued exploration activities and completion of a feasibility study for the resource's development. During this exploration/appraisal phase the net impacts will be relatively limited but will include employment and training opportunities at exploration camps and purchases from local suppliers. In addition, the sponsor is undertaking an education and literacy program to be implemented in the impacted and affected villages. Other social investment projects in these areas will also be undertaken.

**Vostok** (*Two investments*)

Vostok is a small independent oil and gas company operating in one of Russia's frontier regions, close to the border with Kazakhstan. IFC will finance a project expected to help company's strategy to grow into a sizeable upstream operator, focusing primarily on the development of natural gas properties. The project will enhance the availability of cleaner fuel in the region, which is currently dependent on coal for power generation. It will promote competition and private sector participation in the gas sector, which is currently dominated by the state-controlled Gazprom. In addition, the project will generate benefit by sustaining and increasing local employment, increasing central and local government revenues, and creating community support programs.

## **ANNEX D - Summary of Objectives of IBRD-IDA EI Projects FY2008**

### ***Azerbaijan***

The development objective of the *ARP I - Contaminated Sites Rehabilitation Project* is to support the Environmental State Program (ESP) to curtail environmental degradation in the Absheron Peninsular, by assisting in decontamination of former iodine production sites and the development of a strategy for remediation/containment of Naturally Occurring Radioactive Materials (NORM) contaminated sites. The project will also support development of institutional capacity for the cleanup of former oil production sites and the development of rehabilitation and redevelopment plans for a specific oil production site.

The development objective of the *ARP III- Large Scale Oil Polluted Land Clean Up Project* is to improve (i) SOCAR's capacity and effectiveness in environmental management and in cleaning up of oil polluted land in the Absheron Peninsula, and (ii) the quality of soil conditions in oil polluted lands cleaned up under the project.

### ***Central African Republic***

The *Economic Management and Governance Reform Grant (EMGRG)* supports the implementation of the Central African Republic (CAR's) Poverty Reduction Strategy Paper. This grant focuses on two main policy areas: (i) strengthening public finance management; and (ii) improving public sector and economic governance, including enhancing transparency in the mining sector. This operation directly supports two pillars of the PRSP: (i) promoting good governance and the rule of law (second pillar); and (ii) rebuilding and diversifying the economy (third pillar). In addition, it will assist the Government in attaining some of the Highly Indebted Poor Countries (HIPC) completion point triggers and will provide much needed external resources to ensure timely payment of public sector salaries and external debt service.

### ***Egypt, Arab Republic of***

The development objective of the *Natural Gas Connections Project* is to (i) contribute to the Government's program of switching from consumption of liquefied petroleum gas (LPG) to natural gas through investment in new natural gas connections; and, (ii) exploit the scale economies in transportation of natural gas relative to LPG in very densely populated areas, thereby reducing the cost of gas provision.

### ***Ghana***

This *Natural Resources and Environmental Governance Development Policy Operation* supports the Government of Ghana as it implements reforms under its Natural Resources and Environmental Governance (NREG) program. This first DPO focuses on a set of policies and reforms in the inter-related sectors of forestry and wildlife, mining, and environmental protection intended to (a) ensure predictable and sustainable financing of the forest and wildlife sectors and effective forest law enforcement; (b) improve mining sector revenue collection, management, and transparency; (c) address social issues in forest and mining communities; and (d) mainstream environment into growth through strategic environmental assessment, environmental impact assessment, and development of a climate change strategy. The DPO series may also assist the Government as it addresses the emerging oil sector.

### ***Mongolia***

The development objective for this first phase of the *Mining Sector Institutional Strengthening Technical Assistance Project* is to assist the Government develop further the policy, fiscal, legal, regulatory and institutional framework for the mining and extractive sector that meets the needs

of government, industry, and civil society. This includes assisting the operation of Erdenes MGL LLC move to good international practice appropriate for a commercial entity.

### ***Papua New Guinea***

The development objective of the *Second Mining Sector Institutional Strengthening Technical Assistance Project* is to improve the benefits from Extractive Industries (EI) to the national budget and to mining affected communities and to mitigate mining's health and safety risks for artisanal and small scale miners (ASM). This will be achieved through improving effectiveness of key EI sector institutions, supporting EI communities to be better able to monitor the delivery of community programs and services, empowering disadvantaged groups including women and youth in extractive industries affected areas, improving accountability of the sector and for management and use of mining-related revenues. The primary target groups are the institutions involved in the mining sector, the communities in the vicinity of large-scale and artisanal/small scale mining operations and the recipients and managers of mining benefits streams.

### ***Sao Tome and Principe***

The *Public and Natural Resource Management Development (PNRMD) Policy Operation* supports policy measures aimed principally at improving accountability, effectiveness, and level of public resources, and strengthening governance in the oil sector. It will also support the authorities' efforts to initiate the preparation of a new PRSP based on updated information on oil prospects and in depth analysis of growth diversification options. The operation will support government policy actions to (a) improve public expenditure efficiency through better budget preparation, execution, and control; (b) enhance the tax regimes and assure a stronger impact of public expenditures on poverty; and (c) raise the standard of petroleum sector governance in line with international standards of transparency and the Extractive Industries Transparency Initiative (EITI).

### ***Senegal***

The objective of the *Energy Sector Recovery Development Policy Operation* is to ensure a sustained and sound long term development of electricity services and supply of petroleum products for Senegal. To achieve this, the operation comprises (a) financial support to the Government to allow the power utility of Senegal - Societe Nationale d'Electricite (National Power Utility of Senegal) (SENELEC) - to restore by end CY2009 its financial equilibrium and to meet standard financial ratios and credit worthiness; and, (b) policy measures aimed at ensuring that the electricity sub-sector and the downstream hydrocarbon sub-sector develop and operate in an efficient and transparent way with adequate governance.

### ***Tajikistan***

The development objective of the *Energy Emergency Recovery Loan Project* is to urgently increase the volume and reliability of the national energy supply (including gas), especially in the winter season by supporting the implementation of the Recipient's Energy Mitigation Plan (EEMAP). These objectives will be realized through: increasing to the extent possible thermal and heat energy supply from existing assets in the shortest possible timeframe and initiating institutional and technical measures to increase the amount and reliability of energy supplied to the population during the next two winter seasons. The World Bank will also continue to provide technical and policy advice as needed, including to help the Government manage priority needs to enable better reservoir management at Nurek Reservoir to avoid similar crises in the future.

## **ANNEX E - Summary EI Project Complaints/Requests for Audit/Inspection in FY2008**

### **A. Summary EI Project Related Complaints/Requests for Audit Handled by CAO**

The CAO's received three new complaints concerning Extractive Industries in FY2008 and closed one complaint that was unresolved in the previous fiscal year and continues to monitor IFC response on a second complaint that was carried over from FY2007:

1. Baku-Tbilisi-Ceyhan (BTC) Pipeline. In August of 2007, the CAO received a complaint from residents of Vale, who claimed that following the completion of the pipeline project BTC Co. did not meet previously agreed land restoration commitments. CAO encouraged direct meetings between BTC Co. and the complainants. After two meetings an agreement has been signed by the parties in June 2008. The parties concurred that the complaint will remain open until the agreement has been implemented.

2. Baku-Tbilisi-Ceyhan (BTC) Pipeline. In February 2008, the CAO received a complaint filed on behalf of villagers in Naokhrebi, Akhalsikhe District, regarding the residents' land rights. In April, the CAO Specialist Ombudsman traveled to Naokhrebi to discuss options for resolution. During this visit both parties presented documents which contradicted the opposing party's assertions regarding ownership of the land in dispute. The case is now being considered in the Georgian courts. Although, the complainant offered an out-of-court settlement, BTC Co declined the offer on grounds that it would set a precedent for other claims. The complaint has been transferred to CAO Compliance for appraisal to determine whether an audit is warranted.

3. Lukoil Overseas (Karachaganak gas/oil development). CAO disclosed the audit report related to the first complaint together with IFCs official response. The audit remains open under monitoring.

4. Lukoil Overseas (Karachaganak gas/oil development). In April 2007, the CAO received a second complaint on behalf of a local community who had concerns about health and safety. After evaluation by CAO Compliance. Due to the similarity of the issues, CAO Compliance referred the complainant to its ongoing audit of IFC in relation to the first Lukoil Overseas case and closed this appraisal in January 2008.

5. Lukoil Overseas (Karachaganak gas/oil development). In May 2008, the CAO received a third complaint on behalf of a local community with concerns about health and safety and who wanted relocation of the village (this issue did not fulfill the criteria for an audit in the first two complaints). The complaint met the criteria for eligibility and an ombudsman assessment is ongoing.

### **B. Requests for Investigation of IBRD/IDA projects received by the Inspection Panel**

The Inspection Panel did not receive any requests for inspection in respect of extractive industries in FY2008. In the case of the West Africa Gas Pipeline (#40) in the previous fiscal year the Panel recommended to the Board that it carry out an inspection. The Board approved the Panel's recommendation and the Panel has conducted its investigation. The report of this investigation was submitted by the Panel to the Board in April of 2008 and the response by the Management, after requesting an extension of the deadline, on June 30 of 2008.

Further information about complaints can be accessed at <http://www.cao-ombudsman.org/>. and <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,menuPK:64132057~pagePK:64130364~piPK:64132056~theSitePK:380794,00.html>

**ANNEX F - EITI work program - country portfolio summary**

Showing MDTF FY2009 work program (proposed for approval to donors) inc. pipeline countries. EITI candidacy status shown in shaded column <sup>1/</sup>

**As of September 30 2008**

<b>Countries which have adopted EITI publicly <sup>2/</sup> ..... of which:</b>		<b>Not yet candidate</b>		<b>Other countries: Not yet adopted EITI – but in dialogue</b>			
<b>EITI "candidate" countries per EITI Board</b>		<b>Have made EITI adoption announcements (8 countries)</b>		<b>Non-EITI countries in current MDTF active work program pipeline (9 countries)</b>		<b>Other countries that WBG or donors are in contact with (6 countries)</b>	
<b>Have issued one or more EITI Reports to date (10 countries)</b>	<b>EITI implementation at varying stages of progress (13 countries)</b>						
<i>Azerbaijan</i>	Liberia *	<i>Botswana</i>		Angola		Sudan	
Cameroon *	Mali **	Chad		Burkina Faso			
<i>Gabon</i>	Niger +	Central African Rep		Mozambique		Ethiopia (8/08)	
Ghana *	Peru *	Tanzania		Uganda		Togo (8/08)	
Guinea *	Yemen *	Zambia +					
Kyrgyz Republic **							
Mauritania *	DR Congo **	Colombia		Cambodia		Philippines	
Nigeria *	Equatorial Guinea **	<i>Trinidad and Tobago</i>		Indonesia		Lao PDR	
	Madagascar **			Papua New Guinea		Vietnam	
First Reports issued in 2008:	Rep. of Congo ++						
Kazakhstan *	Sao Tome e Principe **	Iraq		Egypt			
Mongolia *	Sierra Leone **			Afghanistan (6/08)			
	Timor Leste **						
	Cote d'Ivoire **						
<b>By WBG Region:</b>							
AFR - 6 countries	AFR – 10 countries	AFR - 5 countries		AFR - 4 countries		AFR – 3 countries	
ECA - 3	LAC – 1	LAC - 2		EAP - 3		EAP - 3	
EAP - 1	EAP – 1	MNA - 1		MNA - 1			
	MNA - 1	SAR - 1		SAR - 1			

*Countries in italics are those with minimal or no active World Bank contact on EITI.*

1/ = Shows EITI candidate status per EITI Board meetings (last Feb 22 2008) and subsequent EITI Secretariat / Board decisions. None validated to date for "compliant" status.

2/ = Among developed resource-rich countries (not within scope of MDTF), Norway has also announced its intention to adopt EITI

\* = EITI MDTF trust fund grant in place and under execution / \*\* = trust fund grant agreement in progress (to be signed in next 1-3 months)

+ = EITI MDTF pipeline – trust fund grant proposal (program of activities) still under negotiation with country (trust fund grant agreement not likely for next 4-6 months or more)

++ = EITI MDTF grant unlikely to be needed (EITI implementation to be mainly Government-funded) - but other program of TA work by WB team (and by donors) is in place