

**Democratic Republic of Congo (DRC)
Country Update
January 2007**

The DRC Country Updates provide information about recent news and developments, civil society concerns, decisions and recommendations related to World Bank Group (WBG) and other international financial institution (IFI) involvement in the Democratic Republic of Congo, as well as relevant policy processes or reviews. They are emailed to a list of individuals and civil society organizations in the DRC and abroad involved in monitoring WBG activities in the country and region. If you would like to be included or removed from the list, please contact Joshua Klemm at jkklemm@bicusa.org

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World Bank Group Assistance Overview

Since 2001 when the World Bank Group (WBG) resumed lending to the country, the International Development Association (IDA) has committed more than US\$2.3 billion for the DRC, two-thirds of which has been provided as loans (or credits), and one-third as grants. To date, the WBG's private sector arms, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), have supported four projects in the mining, telecommunications and financial sectors in the DRC, and more are planned.

The WBG's strategy for the DRC emphasizes investment in the natural resource sectors as a key driver of economic growth. The WBG has supported the revision of DRC's mining, forest and investment codes, as well as the restructuring of the state-owned mining and utility companies, with an aim to increasing private sector participation in resource extraction and in power generation and distribution.

Forest sector

A new DRC **Forest Code**, drafted with World Bank support, was adopted in August 2002. However, the Forest Code is still not being fully implemented. Key implementation decrees have not yet been approved, particularly those concerning community forests and logging companies' contracts with local communities. Furthermore, early reports have shown that the distribution of 40% of area tax receipts to the local and provincial level, as required by the Forest Code, is not occurring.

Congolese civil society organizations, including indigenous peoples associations, have long called for **participatory zoning** of the country's forested areas to identify lands for community use, industrial logging and conservation, and to help resolve conflicts regarding land and resource use. However, the

WBG's original pilot forest zoning exercise was dropped from its 2003 Emergency Economic and Social Reunification Support Project (EESRSP). Nevertheless, under the same project, the WBG continues to support other forest sector activities, such as the logging title legal review/conversion process, which risks confirming and extending logging rights in areas where there are unresolved conflicts with local communities, and which will make it possible for the government to begin distributing new logging concessions in the near future.

In December 2005, Congolese civil society organizations, including representatives of forest-dependent indigenous peoples, filed a complaint to the World Bank's accountability mechanism, the **Inspection Panel**, concerning the impacts of forest sector reforms supported under the EESRSP and the then-proposed Transitional Support for Economic Recovery (TSERO) project. The complaint alleged that the Bank's failure to comply with its safeguard policies in its promotion of forest sector reforms, such as forest zoning and the concession allocation system, was likely to harm indigenous, forest-dependent peoples. In February 2006, the World Bank's Board of Directors authorized the Inspection Panel to conduct a full investigation. The Inspection Panel's investigation visit to the DRC took place in February 2007.

The EESRSP provides funding for an independent observer to monitor and advise the **legal review/conversion process**, which aims to convert existing legal logging titles into forest concessions, as required under the new Forest Code. The completion of this process is one of the conditions for lifting the current moratorium on the allocation of new forest concessions. The final stage of the process has been delayed until a new DRC government has been established, but is expected to conclude in the first half of 2007. The ongoing conversion process raises a number of concerns:

- The priority placed on the legal review/conversion process will facilitate the lifting of the moratorium – and therefore allow for the allocation of new forest concessions – before a participatory zoning process has been completed for the entire country or any of its provinces.
- Given the lack of time and resources available for field verification, the legal review/conversion process may not incorporate local community perspectives or allow for adequate verification of information provided by the concessionaires. This is particularly concerning given the duration of the rights to be granted through this process, which will convert all approved contracts into 25-year forest concessions.
- There seem to be no conditions that will automatically trigger the cancellation of a logging title. Each concession conversion application will be evaluated on a case-by-case basis, including cases where the concessionaire has failed to pay the required taxes or acquired the logging concession in violation of the moratorium.
- The legal review/conversion process is subject to influence by political and economic interests. The Inter-Ministerial Committee that will review conversion applications and grant legal concessions is dominated by government representatives. Decisions will be taken on a two-thirds majority basis.

As controversy continues to surround the ongoing legal review process, several other forest-related initiatives have been approved or are under discussion, including a \$7 million Global Environment Facility (GEF) grant for the country's national parks, approved in August 2006; a proposed new \$30 million IDA grant for DRC's forest sector (see below for more details); a proposed multi-donor trust fund of nearly \$8 million over three years to support "forest sector governance"; and a potential \$4 million Bio-Carbon Purchase Agreement for a carbon sink/afforestation program in the DRC. While this activity reflects increased donor attention to Congo's vast forest resources, experts in the DRC and abroad remain

concerned that the rhetoric and dollars have yet to translate into effective protection of the world's second largest rainforest.

Mining sector

Since it re-engaged with the DRC, the World Bank has emphasized the need to increase foreign investment in the country's mining sector in order to boost economic recovery and growth. In a country that has been wracked by natural resource-related conflict and corruption for years, and where the government lacks the capacity to mitigate the impacts of mining and ensure that investments benefit the Congolese people, this approach has not been without problems.

The World Bank's work to revitalize private investment in the mining sector has focused primarily on three areas: the development of a new **Mining Code**, adopted in 2002; the establishment of a **Mining Registry** or Cadastre, to coordinate the allocation of new mining titles; and the **restructuring of the country's state-owned copper company, Gecamines**. Despite the precarious state of DRC's institutions, however, the WBG has not placed equal emphasis on building capacity and equipping government agencies to manage new investments in the sector, particularly at the provincial and local levels.

Because of poor dissemination of the Mining Code and its inconsistent application, the Code's provisions concerning artisanal miners and affected communities are not well understood. Furthermore, provisions in the Mining Code pertaining to the distribution of 40% of mining revenues from taxes and royalties to local and provincial governments are reportedly not being implemented.¹

The World Bank itself has recently admitted that the Mining Cadastre, which it helped to put in place, is not functioning. Frequent staff turn-over has thwarted efforts to improve the consistency of title allocation procedures and the office lacks the capacity to keep pace with the large number of applications that have flooded in under the transitional government. Furthermore, the absence of a coordinated land-use planning system in the country and the lack of local and provincial-level monitoring capacity mean that there is a persistent risk of conflict over land-use and title boundaries.

Under the 2003 Private Sector Development and Competitiveness project (PSDCP) and through other technical assistance, the World Bank has supported the restructuring of Congo's state-owned copper company, Gecamines. The stated aim of these efforts was to "revive the sector," which had formerly constituted a significant portion of the country's GDP and provided employment and social services. However, while the WBG was advising the DRC government on the reforms, but before a plan for the company's restructuring was agreed upon, government officials in Kinshasa signed three deals with private mining companies that effectively transferred over 70% of Gecamines' most valuable copper and cobalt reserves into private hands.² The terms of these three agreements, signed with Kinross-Forrest, Global Enterprises Company (G.E.C.), and Phelps Dodge in 2005, have been widely criticized as unfavorable to the DRC.³ By the time a Bank-financed contract for the management of Gecamines was finalized late in

¹ Democratic Republic of Congo, Law No. 007/2002 of July 11, 2002 Relating to the Mining Code, Article 242.

² A confidential WBG document indicates that approximately 75% of Gecamines' productive assets were transferred to private companies through just two of the joint-venture contracts approved in 2005. Other sources claim that "the KFL [Kinross Forrest Ltd] and GEC contracts (plus the Tenke Fungurume concession that was awarded to Phelps Dodge and also approved by the Transitional Government) cover 70 per cent of the DRC's known copper reserves." (Broederlijk Delen, RAID and 11.11.11 Memorandum re: "Good governance and transparency in the mining sector in the Democratic Republic of the Congo", February 20, 2006, p. 2). See also, Fatal Transactions, "The State vs. the people: Governance, mining and the transitional regime in the Democratic Republic of Congo", 2006, p. 45.

³ A WBG-supported parliamentary study of contracts signed during wartime, called the Lutundula Commission report, as well as independent reviews of some of the largest mining contracts signed in 2005, have raised questions about the manner in which

2005, the company was little more than a shell with few remaining productive assets and debt of at least \$1.5 billion. The World Bank has offered little explanation for how such deals were signed against the advice of several audits that it financed as well as the government's own study, which recommended a freeze on the negotiations of joint venture agreements with Gecamines.

Meanwhile, the World Bank provided approximately \$45 million to finance the layoff of more than 10,000 Gecamines workers, leaving thousands without alternative employment or training. The settlement negotiated under the Gecamines "voluntary departure program" did not fully compensate the workers for salary arrears and pensions due under their contracts, or cover the debts accrued by many during years without pay. A reinsertion program supported by the WBG has reached only a small percentage of the retrenched workers, partly due to the limited scale of the intervention and partly due to its late start. More lay-offs are planned at Gecamines and other public enterprises, even while it remains unclear what has been done to assess and address the shortcomings of the Gecamines retrenchment program to date.

On the private sector side, the IFC and MIGA have provided support to several private companies investing in DRC's mineral-rich Katanga province. In May 2005, IFC provided equity investment and shareholder loans of \$5.9 million to Adastra Minerals Limited for the Kingamyambo Musonoi Tailings (KMT) mining project in Kolwezi, allowing it to obtain a 7.5% stake in the project in October 2005. The IFC financing was to help pay for the completion of a definitive feasibility study for the copper-cobalt tailings project located at the site of a former Gecamines operation. The IFC classified the project as environmental category "B", despite concerns that any mining operations in the Kolwezi area will have significant environmental and social impacts. In 2006, Adastra was acquired by First Quantum (FQ), which is now the majority shareholder in the KMT project. It is unclear whether FQ will adhere to the pledges made by Adastra regarding disclosure of its revenue payments and compliance with the [US-UK Voluntary Principles on Security and Human Rights](#) in the KMT project.

In September 2004, MIGA's Board approved a \$5 million political risk guarantee for Anvil Mining's Dikulushi copper-silver mine in Katanga. Since then, the Dikulushi mine and Anvil's other operations in DRC have experienced problems related to conflict in the zone, both between local populations and the Congolese army, and between the company itself and artisanal miners. A few weeks after MIGA approved its guarantee for Dikulushi, a small-scale uprising occurred in the town of Kilwa, approximately 50 kilometers south of the Dikulushi project. The uprising was brutally suppressed by the Congolese army and it was later reported that Anvil Mining provided logistical support for the military operation, including supplying vehicles and planes for the soldiers when requested. Following an investigation by an internal compliance unit of the World Bank into MIGA's decision to support by the project, MIGA said it would work with Anvil to address the failings cited in the CAO report, particularly regarding compliance with the Voluntary Principles on Security and Human Rights. However, in April 2006, another incident occurred at another one of Anvil's mining operations (not supported by the WBG). During this incident, conflict between artisanal miners and the company led to at least four deaths at Anvil's Kulu mine in Kolwezi.

Energy sector

The WBG has supported the rehabilitation of energy infrastructure (including Inga 1 and Inga 2 dams), new electricity supply and distribution projects and the restructuring of DRC's Société Nationale d'Electricité (SNEL), the national electricity company. SNEL, the DRC government, DRC's neighbors, and the WBG are particularly keen to exploit DRC's hydropower potential. They are considering the development of the Inga 3 dam (3,500 MW) and/or Grand Inga complex (44,000 MW) to provide power

these and other mining concessions were acquired and highlighted flaws in the terms of these contracts that deprive the DRC government of important assets and revenues.

for export to Sub-Saharan Africa, North Africa, the Middle East and beyond. Currently, only 7% of DRC's population has access to electricity⁴.

SNEL is pursuing partnerships with mining companies and other enclave industries to secure financing for the rehabilitation and expansion of power generation and distribution infrastructure. SNEL signed its first agreement with MagEnergy, a Canadian firm that plans to construct a magnesium plant in the Kouilou region in Congo-Brazzaville and needs assurance of a cheap and secure energy supply to do so. Although the agreement with MagEnergy is secret, Mag will most likely receive a guaranteed supply of energy that it could use or sell in exchange for its investment. SNEL is pursuing similar agreements with other large mining companies. The IFC and MIGA have reportedly expressed interest in supporting these types of public private partnerships (PPPs). However, there is currently no information available to the public about projects for which financing or political risk guarantees are being considered.

Read about other proposed and active World Bank projects as of March 2006 in the [last DRC Country Update](#) (Also available: [Français](#)).

Read an analysis from June 2006 of [World Bank involvement in DRC's forestry, mining and energy sectors](#) by the Bank Information Center and Environmental Defense (Also available: [Français](#)).

Recent News and Developments

Historic national elections

In December 2006, Laurent Kabila was inaugurated as the President of the Democratic Republic of Congo (DRC), having been pronounced the winner of the country's first free elections in over 40 years. Although hopes are high that the new government will take strides to improve the country's economic and social conditions, many remain skeptical that things will change significantly in the near future. New World Bank Group financing has been on hold since last year, pending the outcome of the elections. Since Kabila's victory, the Bank has said it will offer \$1 billion to the newly elected president in support of his five selected priority areas: health, energy, infrastructure, education and good governance. The Bank Group's private sector arms (IFC and MIGA) have also declared their intention to significantly increase their support for private sector investment in the mining and energy sectors. It is expected that the Bank Group will issue a new Country Assistance Strategy in 2007 and bring several new projects before its Boards of Directors for approval.

There are also rumors that the World Bank and other donors are working on a "Governance Compact" for the DRC, which would identify priority reforms to be implemented by the government and supported by donors in coming years. The Compact would reportedly focus on select sectors and activities, including transparency measures, public expenditure reform, natural resource management, and security sector reform, among others. Some donors appear to view the Compact as a potential vehicle through which to establish a post-CIAT (*Comité international d'Accompagnement de la Transition*) coordination mechanism for bilateral aid agencies and international institutions. Although a background paper on the Compact was circulated last year, it is undergoing substantial revisions after the government of DRC reportedly complained that the process was proceeding without its input. The notion of a governance compact (inspired in part by the experience with [GEMAP in Liberia](#)), has been the subject of significant debate, meeting with skepticism from some in civil society and in the DRC government who view it as an attempt by the donor community to control policy-making in post-election DRC.

⁴ DRC Country Profile, SADC Review, 2006

MIGA plans major involvement in DRC mining industry

The head of the extractive industries unit for MIGA announced in early September MIGA's interest in scaling-up its portfolio in the Democratic Republic of Congo's mining industry from its present \$20.8 million value to \$500 million within three years. This planned rapid increase in support for private mining companies in the DRC is of major concern considering the destructive impacts that mining projects have had on the country's people and environment, as well as the role that mineral extraction has played in perpetuating the country's brutal civil war. In a country still recovering from a war linked to competition over its mineral wealth, and where the government has limited means and capacity to manage and mitigate the impacts of mining, MIGA's intention to intensify its support for mining companies may pose a risk to the country. [Read about MIGA's plan for DRC.](#) Read "[Digging in Corruption](#)," Global Witness' report on fraud, abuse and exploitation in DRC's mines.

IFC to increase investment in Africa and DRC

In late September 2006, Lars Thunell, Vice President of the IFC, was quoted in *Reuters* stating his intention to further boost the IFC's activities in Africa, marking the region as a "priority frontier market" in which the institution aims to increase its investments. He specifically expressed his interest in scaling up involvement in the DRC, for which IFC funds have been set aside to support power generation, mining and other projects post-elections. The IFC's increased interest in Africa has generated concern from some observers, particularly in light of the IFC's past investments in controversial projects around the world that have brought dubious development benefits. Read a recent report by BIC and others on the impacts of IFC investment in the mining sector entitled "[Tarnished Gold: Mining and the unmet promise of development.](#)"

Inga to be refurbished by 2010, studies underway for Inga 3

A two-day roundtable discussion in October 2006 in Johannesburg on hydroelectricity prospects in the DRC elicited promises from the World Bank, the African Development Bank (AfDB) and the European Investment Bank (EIB) to together contribute the \$400 million needed to refurbish the existing Inga hydroelectric plants by 2010. The project intends to restore capacity at Inga 1 and 2, and to repair the power grid. Also discussed at the conference were plans for the development of the Inga 3 project, which would add an additional 3,500 MW capacity and could supply the power grids of five countries in southern Africa by 2015 at the earliest. The World Bank reportedly received 25 expressions of interest to conduct the financial feasibility study for Inga 3, for which the African Development Bank has offered a \$14 million grant. The cost of constructing Inga 3 is estimated to be between \$5 and \$7 billion. The dam could potentially receive financing from the World Bank, the African Development Bank, bilateral donors, and the Development Bank of Southern Africa. Inga 3 would be managed by a joint venture company called Westcor, which is owned by the national power companies of Botswana, Angola, South Africa, Namibia and the DRC. In January 2007, the AfDB released a [Terms of Reference for a Study on the Development of the Hydroelectric Site of Inga and Associated Interconnections](#), which was made available for a brief comment period.

The proposed projects at Inga raise significant concerns, regarding the risks of reliance on hydropower at a time when Africa is becoming increasingly susceptible to climate change-induced drought and the apparent emphasis on energy exports over increased electricity access for the local population, particularly in rural, off-grid areas. There are also considerable risks involved in the development of a major hydro station in the DRC, given the country's turbulent history and ongoing instability, as well as the government's poor track record regarding project oversight, infrastructure maintenance and revenue management. How will these citizens, most of whom have no access to electricity themselves, react when the country scales up its energy exports to its southern African neighbors? Risks to local communities and ecosystems affected by the large dams should also be considered; the use of smaller-scale and other local renewable energy sources

could avoid potential harms to people and the environment. [Read the International Rivers Network critique of the Inga plan.](#)

World Bank mining law leads to major earnings for copper miners

First Quantum, a Canada-based mining firm active in the DRC, expects to triple copper production in the next year from its Lonshi mine and, thanks to high copper prices, has the necessary capital to start looking for other opportunities in the country. In September 2006, the company reported record profits from its DRC investments attributed in *Reuters* to both high prices and the 2002 World Bank-supported mining law that set out to attract private investment in the DRC's lucrative mining sector even before the end of its civil war. While the mining code reform has received acclaim from mining companies, others are concerned about the World Bank's push for natural resource-driven growth. There is no guarantee that mineral extraction such as First Quantum's copper mines will benefit the Congolese public, while the government's lack of capacity to effectively oversee and mitigate the impacts of mining presents a real danger to the environment and the rights of local communities.

IFI Project Activities

International Finance Corporation (IFC)

IFC plans to invest in Kinshasa hotel

The IFC has proposed to finance the construction of a 130 room three-star hotel, called the Manji Hotel, in the Gamba area of Kinshasa. The IFC is considering providing up to half of the estimated \$14 million needed for the project to Simkha, a limited liability company based in the DRC. The hotel is designed to meet increased demand from business travelers to the country.

IFC and MIGA considering investment in MagEnergy project

The International Finance Corporation is reportedly considering an \$8 million equity investment in MAG, a wholly owned subsidiary of the Canada-based MagIndustries Corporation, to help finance the rehabilitation of the turbines at the Inga 2 hydroelectric site. The first phase of the project, which began in early 2006, is estimated to cost \$25 million. The initial work will entail critical repairs aimed at maintaining the plant's current capacity and to preventing the site from shutting down.

MIGA is also reportedly interested in providing political risk insurance for both the first and second phases of the rehabilitation project. MAG estimates that the combined cost of the two phases will be \$135 million. The second phase consists of the rehabilitation of four of the eight turbines at the Inga site. MAG intends for the second phase to start in 2007.

International Development Association (IDA)

World Bank to undertake study of DRC's mining sector

The World Bank is conducting a new study of DRC's mining sector in collaboration with the African Development Bank and the DRC government. The study will examine the mineral sector's potential for growth, its ability to contribute to poverty reduction, the infrastructure investment needed to support private sector mining activity, and governance of the sector. In contrast to previous reports by the Bank and some NGOs that were more narrowly focused, the study's scope will include all mineral commodities and regions in which there is mining activity. The Bank envisions that the study will provide a "platform for continued dialogue between senior Bank sector specialists and the government,

private sector companies and civil society,” but it is not yet clear whether draft and final versions of the study will be made public.

The study will be divided into the following chapters: 1) executive summary; 2) mining as a source of growth; 3) role of the artisanal and small scale miners; 4) large scale mining: role of Gecamines and other parastatals; 5) governance of the mining sector (including a review of legal framework, tax administration, corruption, and security forces active in the mining sector); 6) involvement of local communities; 7) physical bottlenecks to development of mining (discussing what infrastructure needs are for the expansion of mining sector); and 8) road map of future actions.

The chapter on large-scale mining will include an update on the status of parastatal restructuring, particularly that of Gecamines, the former state-owned copper company, as well as suggestions for future courses of action. The study will also summarize the legal and financial reviews of the contracts that have been conducted by consultant firms (such as Duncan Allen and Ernst & Young) and the DRC’s parliament through the Lutundula Commission. With regard to the possibility of reopening some contracts to renegotiation, the study will “recommend possible options for the Bank to take in respect of advising the government on these contracts and outline the potential consequences of each option.” This chapter will also summarize activities of other private mining companies operating in DRC and make recommendations about what infrastructure investments or other steps should be taken to support the private sector.

[Download the concept note for the study](#) on the AfDB’s website.

Suggestions regarding the Mining Sector Study should be addressed to:

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World Bank prepares new forest and environment project

In the wake of severe criticism and an ongoing Inspection Panel investigation concerning its role in DRC’s forest sector reforms, the Bank is preparing a new \$30 million IDA grant for forest and environment work. The Category A project includes four components under the headings of: Sustainable Forest Management; Local Livelihoods and Community Development; Biodiversity and Environmental Services; and Transversal Support. Among other things, the financing is expected to support independent forest monitoring, reviews of logging companies’ sustainable forest management plans, monitoring of revenue sharing and community development commitments, establishment of conservation areas, and the dissemination of the Forest Code. Although the only available project document makes no mention of a forest zoning process (long called for by civil society organizations), it does include “participatory multi-purpose land use planning/local consultations” and support for community forests among the activities to be covered. The proposed grant is supposed to complement a trust fund to support forest governance, which is currently under discussion among the French, Belgian, and UK governments, as well as other donors. The Bank’s project document also mentions a possible \$4 million Bio-Carbon Purchase Agreement for a carbon sink/afforestation program in the DRC, but provides no further information about this separate operation. The forest and environment grant is scheduled to come before the Bank’s Board in December 2007. Read the full [Integrated Safeguards Data Sheet](#).

World Bank considers agriculture recovery program

The Agriculture Rehabilitation and Recovery Support project was proposed in June 2006 to increase agricultural production and access to markets in the DRC. The project entails: the construction of roads in

the Bas-Congo, Kasai-Oriental and Kasai-Occidental provinces (now Kasai, Lulua, Kasai Oriental, Lomami and Sankuru provinces) that will join disconnected roads built under an earlier IDA grant; capacity building for the agriculture ministry; extension services, including increased access to seeds and tools, aimed to improve agricultural production. The proposed project, an \$80 million loan, is expected to go to the Board for approval in September 2007. [See the World Bank project documents.](#)

World Bank to expand power sector

The World Bank has proposed the second phase of its ambitious power market scheme for the exploitation of the DRC's hydroelectric potential to serve Central Africa. The first phase, approved in 2003, is currently underway. This next phase, called the Regional and Domestic Power Market project, will allocate \$200 million for the rehabilitation of the Inga 1 and 2 hydro plants to restore capacity from 700 MW to 1,350 MW, as well as rehabilitate three smaller plants in Katanga, construct a transmission line from Inga to Kinshasa, and expand Kinshasa's power distribution system. The project is expected to cost \$450 million, of which the World Bank proposes to finance between \$300 and \$400 million through IDA, while the remainder would be covered by the DRC government, the African Development Bank and the European Investment Bank. The IDA proposal is expected to go before the Board in March 2007. With transmission lines connecting neighboring Zambia and Congo-Brazzaville, as well as the DRC's most lucrative mining areas, critics have questioned whom the power market initiative is intended to benefit. [See the World Bank project documents.](#)

Global Environment Facility approves \$7 million in support to ICCN

In August 2006, GEF approved a grant to support the management and monitoring of DRC's national parks. In addition to financing institutional capacity-building, the project is supposed to support the creation of new protected forest areas in the DRC. Conservation efforts in the DRC have, at times, come into conflict not only with logging interests, but also with those of forest-dependent communities, including pygmies. The Institut Congolais pour la Conservation de la Nature (ICCN) is the executing agency. [Additional information and project documents](#) are available on the GEF website.

IFI Consultations and Policy Updates

DRC Country Assistance Strategy under preparation

The World Bank is in the process of preparing a new Country Assistance Strategy (CAS) for the DRC to cover the years 2007 to 2010. CASs define the Bank's overall plan for assistance in a country, including projected lending levels and the composition of assistance over a given period of time. According to the DRC country team, the Bank has already begun engaging with groups in Kinshasa and the provinces on the new CAS, and plans to launch formal consultations after the first draft is ready and the new government takes office. The new CAS is expected to go before the World Bank Board in early 2007.

For more information about the CAS and opportunities for civil society involvement in the consultation process, contact:

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African Development Bank establishes Extractive Industries Task Force

The African Development Bank (AfDB) endorsed the Extractive Industries Transparency Initiative (EITI) at the third official EITI conference held last October in Oslo, Norway, where high-level delegates representing governments, donors, oil and mining companies and civil society groups worldwide met to discuss transparency in the oil, gas, and mining sectors. EITI is an international campaign whose stated

aim is to improve governance in resource-rich through disclosure of company payments and government revenues from oil, gas and mineral extraction.

Following commitments made at the Oslo Conference, in January 2007 the AfDB convened the inaugural meeting of its new Extractive Industries Task Force, a committee responsible for advising the Bank on a strategy for its future engagement in the oil, mining and gas sectors. At a subsequent two-day meeting on extractive industries with the World Bank in February, the two banks agreed to intensify their collaboration on EI work and support for the implementation of EITI by resource-rich countries in Africa. Other outcomes of the meeting included: a proposal to jointly conduct geological studies to map oil, gas and mining reserves on the continent; a proposed technical assistance facility to aid countries in contract negotiation and industry regulation; and an agreement to support artisanal mining activities through a Communities and Small Scale Mining (CASM) initiative.

While growing interest in EITI signals the increased attention stakeholders are paying to the issue of revenue transparency, civil society advocates argue that bolder steps are needed to ensure that companies and resource-rich countries move beyond rhetoric to disclose meaningful information about natural resource extraction. Adherence to EITI requires that a country disclose how much it has received from extractive companies. Critics argue that more extensive and thorough reforms are needed in order for transparency in the extractive industries to have a real effect on poverty alleviation and socio-economic justice in resource-rich countries. Members of the Publish What You Pay (PWYP) coalition advocate for universal, mandatory requirements regarding the disclosure of all payments, revenues, and, importantly, contracts between extractive industry companies and their host governments so as to help ensure the accountability of all industry actors and state beneficiaries.

In November 2005, the DRC government established a multi-stakeholder National EITI Committee, and its members were appointed in February 2006. It remains to be seen whether the government will fully implement and comply with the EITI criteria.

Read the AfDB press release from its [inaugural EI Task Force meeting in January](#). Download important presentations and documents from the [AfDB-World Bank meeting press page](#).

IMF approves quota reform

At its annual meetings in Singapore in September 2006, the IMF Board of Governors approved an ad hoc increase to the membership quotas and linked voting shares for China, South Korea, Turkey and Mexico, to reflect the growth of the four countries' economies. This change marked the first stage in a series of reforms to the institution's voting structure. The second stage, as agreed at the meeting, will include an increase in basic votes for all member countries and a revision of the formula by which votes are allocated – both of which are expected to result in only a marginal increase, if any, in voting power for developing countries. Civil society groups have criticized the reforms for failing to redress the power imbalances of the northern-dominated institution. They charge that the formula for determining member country voting shares – based on a one-dollar-one-vote calculus – is flawed, and that without a fundamental revision of this approach to allow developing countries more say over how the institution operates, the “reforms” underway will be merely cosmetic. Sub-Saharan Africa has very little say in the IMF's decisions: its total voting power in the Fund amounts to less than 5%, despite the disproportionate impact of the Fund's economic prescriptions on the continent. The DRC has the third highest voting power in sub-Saharan Africa, behind only South Africa and Nigeria. [Read the IMF press release](#). [Read a critique by the Bretton Woods Project](#).

AMPLIFYING LOCAL VOICES TO DEMOCRATIZE DEVELOPMENT

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