

Bank Information Center
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Paul Wolfowitz to visit Democratic Republic of Congo

March 2 - World Bank President Paul Wolfowitz left this week for his second visit to Africa since assuming the presidency of the Bank in June 2005. He is slated to take part in celebrations next week in Ghana marking 50 years of independence, and will also pay visits to Burundi, South Africa, and the Democratic Republic of Congo (DRC).

Wolfowitz's visit to the DRC is not unexpected, considering the successful conclusion of the recent presidential elections and the volume of funds that the World Bank has committed to make available to the new government - roughly \$1 billion. His visit also comes in the midst of growing controversy over the Bank's involvement in the country's natural resource sectors. The Bank's support for reforms in the forestry and mining sectors has come under fire from civil society critics concerned that efforts to attract investors and to make these sectors into sources of economic growth are taking precedence over measures to ensure the protection of local community rights and build effective government capacity. A recent article in the *Financial Times* raised serious questions about the Bank's support for the restructuring of DRC's state-owned mining companies, and an ongoing Inspection Panel investigation into the Bank's role in the forest sector is drawing attention to the fate of the world's second largest rainforest and the millions of indigenous and local communities that depend on it.

At the same time, Wolfowitz's presence may be intended to provide a signal that the DRC is a safe and profitable destination for private investments, as well as donor dollars.

The Bank's involvement in the revision of the DRC's mining, forestry and investment codes promises renewed opportunities for foreign companies in the country's most lucrative sectors. As reported in the *Financial Times*, recent reports suggest that the perceived stability in the country combined with intensified competition for resources elsewhere, increasing commodity prices, and favorable terms in the revised mining code, are prompting the world's largest mining companies to consider investing billions. The influx of mining investment is raising concerns given the government's lack of demonstrated capacity to monitor, mitigate or manage the impacts of mining. To date, exploitation of DRC's mineral resources has been pursued with little regard for benefits to the Congolese public, the rights of local communities, or protection of the environment.

During his trip, Wolfowitz is also expected to discuss the importance of DRC's forests in the context of climate change, and the possibility of using carbon credit instruments to remunerate the preservation of the country's rainforest – the second largest in the world. Serious doubts remain, however, about the capacity and the will of the DRC government to enforce the forest protections on which such schemes depend, or to guarantee the recognition of local and indigenous community rights in these alternative financing arrangements.

Read "World Bank president to visit African countries" at:
http://news.xinhuanet.com/english/2007-03/03/content_5794366.htm

Read "World Bank implicated in controversial DR Congo mining contracts" at:
<http://www.bicusa.org/en/Article.3021.aspx>

Read "Stability tempts mining companies back to Congo" from the *Financial Times* at:
<http://www.monuc.org/news.aspx?newsID=13921>

Read the new report from Rainforest Foundation UK on the Congo's rainforests and climate change at: <http://www.rainforestfoundationuk.org/s-Clouds%20on%20the%20Horizon>

Read more about the World Bank's involvement in the DRC in the new DRC country update: <http://www.bicusa.org/en/Article.3182.aspx>

Mining company to undertake feasibility study of uranium treatment in EIB, AfDB-supported project in Zambia

March 2 – Equinox Minerals has announced that it will undertake a study of the potential for uranium treatment at its Lumwana copper mine in Zambia. One of Africa's largest copper mines, the €700m (\$933m) Lumwana project is financed in part by both the European Investment Bank (EIB) and the African Development Bank (AfDB). The use of public money to extract or treat minerals such as uranium is a serious cause for concern,

not only because of the potential end-uses of the resource and the threat of radiation contamination of local water sources, but because of the precedent it would set.

EIB investment in Zambia's mining industry has been very problematic. Last week, another of the copper projects it supports in the country, the Mopani mine, was the scene of a general strike by the mine's workers who demanded a 40 percent pay increase.

Meanwhile, an article in the *Times of Zambia* reported that the European Parliament refused to push the EU to support a marginal increase in mineral royalty taxes proposed by the Zambian government and promoted by Zambian civil society advocates Citizens for a Better Environment (CBE). CBE's executive director Peter Sinkamba criticized the exploitation of Zambia's minerals by multinational corporations with backing from the European Investment Bank. The modest increase of the royalty rate to 2.5 percent, he argued, would go a long way toward supporting environmental protection and providing benefits for affected communities. Since the year 2000, the EIB has invested over €200 million in Zambia's copper mining industry, comprising over 80 percent its entire portfolio to the country.

Read an article about the Lumwana project and the uranium feasibility study:

http://www.mineweb.net/african_renaissance/648307.htm

Read "Mopani miners go on strike" at: <http://allafrica.com/stories/200703010332.html>

Read the Times of Zambia article about the European Parliament's refusal to support the royalties tax increase: <http://allafrica.com/stories/200702240176.html>

See a list of EIB projects in Zambia:

<http://www.eib.org/projects/loans/regions/CountryList.asp?listing=1&Region=5&Country=265>

DRC government, donors, civil society meet to discuss the future of Congo's rainforests

February 27 - The Belgian government and the World Bank held a conference on the forests of the Democratic Republic of Congo (DRC), which is home to the world's second largest rainforest after the Amazon. Over 200 people attended the event, which took place in the Palais d'Egmont in central Brussels. The conference was billed as the third in a series of roundtable discussions on the management of DRC's forests. Many participants questioned the decision to hold the meeting in Brussels, and wondered whether the meeting's outcomes would be any more concrete than those of the previous two dialogues, which had taken place in DRC's capital Kinshasa.

The DRC's new minister of environment and forests made his first international appearance at the conference. He was joined by numerous other representatives from the Congolese, Belgian, UK, and French governments, as well as the World Bank.

International and Congolese civil society organizations were also represented, though participation by Congolese groups was limited given the event's location and difficulties in accessing visas to attend.

In addition to discussion of the ongoing forest sector reforms and capacity needs for management of the sector, there was a heavy focus on the link between forests and climate change, and the pursuit of alternative financing mechanisms to stimulate forest protection, conservation and avoided deforestation.

Civil society delegates at the conference released their own declaration, which emphasized their chief concerns with forest sector management in the DRC and with the limitations of the conference itself. Some of the key demands listed in the declaration include:

- The moratorium on the allocation of new forest concessions must be strictly maintained and extended, until a participatory land-use mapping process has taken place on the basis of free prior informed consent (FPIC) for local and indigenous communities, and until there is an effective, legal and transparent system of oversight and good governance in the forest sector
- A complete legal, political, administrative and executive framework for the sustainable management of the forest sector must be established, on the basis of a participatory national zoning plan and alternatives to industrial logging.
- The legal review of logging titles currently underway should be carried out scrupulously, in strict compliance with the October 2005 decree, ensuring that all titles allocated after the moratorium or in violation of tax laws are canceled, and in a transparent manner, allowing participation by affected communities and indigenous representatives.
- Land tenure rights (access to and use of forests) must be secured for indigenous and forest-dependent communities, and their participation in the national zoning process must be secured on the basis of FPIC. This is an important prerequisite not just to the lifting of the moratorium on the allocation of forest concessions and the ability of communities to obtain community forest rights, but also before any "avoided deforestation" or conservation concessions schemes become operational.
- Civil society groups repeatedly emphasized the importance of demonstrable improvements in the government's administrative, regulatory and monitoring capacity as a prerequisite to the allocation of any new forest concessions.

Visit the International conference on the sustainable management of the forests in the DRC (ConForDRC) website for a list of speakers and copies of presentations:

<http://www.confordrc.org/>

Download the Civil society declaration on sustainable forest management in the DRC (French only): <http://www.bicusa.org/proxy/Document.10039.aspx>

Visit BIC's webpage on the Democratic Republic of Congo: <http://www.bicusa.org/drc>

Niger Delta instability delays West Africa Gas Pipeline

February 20 - Ghana's Finance Minister, Kwadwo Baah Wiredu, announced last week that the new supply of natural gas from Nigeria will not be available in March as originally anticipated. Construction of the controversial World Bank-backed West Africa Gas Pipeline (WAGP) has run into delays in part due to ongoing instability in Nigeria's turbulent Niger Delta region. In recent months, unrest in the Delta has been marked by kidnappings of oil workers and attacks on oil installations.

The Chevron-led WAGP project, estimated to cost half a billion dollars, is designed to transport natural gas reserves from Nigeria's major oil-producing region to Benin, Togo and Ghana. Supported by the World Bank and its private sector insurance arm, MIGA, the pipeline has faced intense criticism from advocates in the Niger Delta, who in May 2006 registered a complaint with the World Bank Inspection Panel, the Bank's accountability mechanism. The claim was filed on behalf of residents in twelve Nigerian communities who argued that, as presently designed, the project will do irreparable harm to the economic, social and environmental sustainability of their communities. The communities raised concerns over the inadequacy of compensation payments to farmers who lost land, the lack of a safety assessment of the upstream pipeline into which WAGP will link, and the failure of the project sponsors to demonstrate how they will maximize use of associated gas (that is otherwise flared) before relying on non-associated gas to supply the pipeline. The Inspection Panel conducted two visits to these communities in June 2006 and January 2007 to assess the eligibility of the complaint and alleged World Bank policy violations for full investigation. The report from the Panel's latest visit is forthcoming.

Read "West African Gas Pipeline project delayed - Niger Delta militants blamed" from the *Ghanaian Chronicle* at AllAfrica.com:

<http://allafrica.com/stories/200702210022.html>

Read more about the project on our website at: <http://www.bicusa.org/wagp>

Download the Inspection Panel's initial report on its website at:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:20909274~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html>

Additional articles

“Japan should focus on Africa at G8 2008 - World Bank” by Yoko Nishikawa, *Reuters*, February 23, 2007: <http://www.alertnet.org/thenews/newsdesk/T200161.htm>

“EBRD blacklists German engineering company,” by David Pallister, *The Guardian*, February 26, 2007: <http://business.guardian.co.uk/story/0,,2021911,00.html>

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