

**Bank Information Center**  
**IFIs in Africa News Briefing #18**  
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**Greenpeace releases new report critical of World Bank's role in DRC's forest sector**

April 11 - Greenpeace International launched a new report this month documenting the extreme social and environmental damage wrought by international logging companies in the Democratic Republic of Congo (DRC). Based on two years of field research, Greenpeace's report, "Carving up the Congo," exposes how World Bank efforts to bring the DRC's logging industry under control are failing "while the rainforest is being sold off under the illusion that logging alleviates poverty."

The report documents the negligible payments made to community leaders in return for lucrative logging rights worth hundreds of thousands of dollars; describes the destruction of habitats critical to the survival of the Congo's indigenous forest communities; reveals rampant corruption in the issuance of logging contracts; and warns of the potential for deforestation to release tremendous amounts of greenhouse gases into the atmosphere, with severe implications for global climate change.

In a press release published at the launching of the report, Greenpeace campaigner Belinda Fletcher said, "It's crunch time for the DRC's rainforest. The international logging industry operating in the country is out of control. Unless the World Bank helps

the DRC to stop the sell-off of these rainforests, they'll soon be under the chainsaws.” Greenpeace is calling for the cancellation of all logging titles issued since May 2002, when a national moratorium on the allocation of new concessions was put in place, and for local community participation in the development of a land-use plan for DRC’s vast forests. DRC is home to the world’s second largest rainforest after the Amazon.

In advance of the World Bank Spring Meetings, Greenpeace UK appealed to Secretary of State Hilary Benn, Britain’s representative on the Bank’s Board of Governors, “to use his influence [at the Bank] to ensure there is a real future for the rainforest and ensure proper safeguards are put in place to protect it.” According to *The Guardian*, Benn called on the World Bank to take the lead in mitigating climate change and supporting initiatives to avoid deforestation.

The future of Congo’s rainforests was chief among the issues debated by Greenpeace and other DRC forest advocates during the Bank’s Spring Meetings at its headquarters in Washington, DC. In addition to dialogues with the Bank’s outgoing country director for DRC, Pedro Alba, Greenpeace and other civil society groups participated in a high-level meeting with senior government officials, convened on short notice by World Bank President Paul Wolfowitz and the Belgian government, to discuss concerns and commitments regarding the management and protection of the Congo’s rainforest.

Download Greenpeace’s report “Carving up the Congo” at:  
<http://www.greenpeace.org.uk/media/reports/carving-up-the-congo>

Read Greenpeace’s press release at: <http://www.greenpeace.org.uk/blog/forests/what-a-carve-up-the-con-in-the-congo-logging-industry>

Read “Vast forests with trees each worth £4,000 sold for a few bags of sugar” in *The Guardian* at: <http://www.guardian.co.uk/congo/story/0,,2054203,00.html>

Read “World Bank must lead on climate change, says Benn” in *The Guardian* at: <http://politics.guardian.co.uk/development/story/0,,2055736,00.html>

Read “Corruption in Congo: Seeing the wood for the trees” in *Reuters* at: <http://www.alertnet.org/db/blogs/20316/2007/03/12-122132-1.htm>

Read “World Bank failing to rein in DRC logging” from *Inter Press Service* at: <http://www.ipsnews.net/news.asp?idnews=37349>

### **Ugandan police target demonstrators protesting destruction of forests**

April 12 - A demonstration against the Ugandan government's proposed plans to ax much of the country’s Mabira forest reserve turned violent on Thursday, April 12, leading to three deaths. Ugandan police arrested 32 suspects involved in the incident, including two opposition Members of Parliament. The MPs have reportedly been charged with inciting violence.

Frank Muramuzi, the head of the Save Mabira Coalition and Executive Director of the National Association of Professional Environmentalists (NAPE), has repeatedly stated that the demonstration was intended as a peaceful protest, and that it became violent only after Ugandan police fired live ammunition to disperse the protestors.

Muramuzi, also the lead campaigner challenging the proposed Bujagali hydropower project on the Victoria Nile, was reportedly released on bail, after he and several other demonstration organizers were detained on charges of unlawful assembly. Some observers have suggested that the arrest of opposition politicians and environmental activists is politically inspired and aims to derail efforts to preserve the Mabira forest.

At issue is the fate of some of Uganda's last remaining forest reserves. The Ugandan government is considering plans to sell off a third of the Mabira Forest to a local sugarcane producer. The move has been opposed by a large cross-section of Uganda's public who insist that the negative environmental impacts would far outweigh any short-term economic benefit.

The health of the Mabira Forest Reserve directly impacts on the catchment area feeding Lake Victoria, and therefore affects the proposed Bujagali hydropower project. As one environmental activist attested in a letter to the World Bank, which is slated to approve financing for Bujagali this month, "without the Mabira ecological system there can be no Bujagali dam."

NAPE has been among the most vocal organizations questioning government plans to construct the Bujagali dam - an expensive 250MW dam on the Victoria Nile - which activists fear is neither the least cost energy option, nor the most sustainable source of electricity, given the declining water levels at Lake Victoria and the threat that climate change may pose to hydropower-dependent energy supplies.

The Chinese *Xinhua* news agency reported this week that the Ugandan government has sought to reassure the World Bank of its commitment to abide by an agreement it made in 2001 to conserve the Kalagala area, which includes the Mabira forest, as part of an offset plan "to lessen the negative environmental impact of the Bujagali Dam." In spite of official statements, many question the sincerity of the government's concern for avoiding or mitigating environmental impacts.

Bujagali is set to go to the World Bank Group Board on April 26, despite a pending Inspection Panel claim, unresolved concerns about the economic and environmental viability of the project and the lack of comprehensive energy options studies.

Read a civil society letter to the World Bank citing outstanding concerns on the proposed Bujagali dam at: <http://www.irn.org/programs/bujagali/index.php?id=070424letter.html>

Read more about the charges that the Ugandan police brought against the demonstrators at: <http://allafrica.com/stories/200704160076.html>

Read a press release from the International Rivers Network calling for the preservation of Mabira and release of the arrested civil society leaders at:

<http://www.irn.org/programs/bujagali/index.php?id=070413mabira.html>

Read "Save Mabira Coalition condemns violence" in the *New Vision* at:

<http://allafrica.com/stories/200704150045.html>

Read more about the petition submitted to the Ugandan government by civil society calling for the preservation of Mabira at: <http://allafrica.com/stories/200704130006.html>

Read "From Trees to Sugarcane - the Implications of Mabira Giveaway" at:

<http://allafrica.com/stories/200703260152.html>

Read "Ugandan gov't reassures World Bank on forest conservation" from *Xinhua* at:

[http://english.people.com.cn/200704/18/eng20070418\\_367667.html](http://english.people.com.cn/200704/18/eng20070418_367667.html)

Read more about the proposed Bujagali project on BIC's website at:

<http://www.bicusa.org/bujagali>

### **Environmental groups release new "non-completion" report on Chad-Cameroon pipeline**

April 16 - Civil society groups released a report in advance of the Spring Meetings of the World Bank entitled "The Chad-Cameroon Oil & Pipeline Project: A Project Non-Completion Report." The document provides a critical analysis of the Bank's official project Implementation Completion Report (ICR) and calls upon the World Bank to immediately address the adverse consequences of the controversial pipeline and oil development scheme.

The "Non-Completion Report" contests the Bank's assertion that the outcome of the Chad-Cameroon project is "satisfactory." It argues that the Bank's self-assessment does not reflect the reality on the ground, where living conditions of the poor and most vulnerable populations have arguably deteriorated. These concerns are echoed in another recent study, commissioned by the Bank, which found that the oil project's impacts on local communities have been far worse than anticipated.

Among the specific concerns raised in the CSO report are the persistent health problems stemming from dust pollution and improper treatment of hazardous waste; the inadequacy of compensation and livelihood restoration for communities in Chad displaced by the project; and the survival of indigenous communities in Cameroon, whose precarious situation has worsened since the pipeline was introduced.

The new civil society report also questions the fact that the Bank produced a "completion report" for the pipeline project at all, given that there are still significant outstanding

problems, which have been repeatedly identified by the official independent project monitors, as well as local and international NGOs.

ICRs are usually produced after the final disbursement of Bank funding for a project, and typically signal that the Bank's role in the project has ended. In the case of the Chad-Cameroon pipeline, the Bank has indicated that it will continue to actively monitor the project's implementation and impacts although the operation has formally "closed."

These and other issues were the subject of debate during a roundtable discussion between civil society groups and the World Bank on Saturday, April 14th. At the meeting, Marie Françoise Marie-Nelly, the Bank's Acting Country Director for both Chad and Cameroon, reiterated that she was happy with the Bank's performance to date. She stressed that it is too early to assess the poverty reduction impacts of the project, and was optimistic that oil revenues would lead to poverty reduction in the long term.

The "Non-Completion Report" was authored by Korinna Horta of Environmental Defense, Delphine Djiraibe of the Chadian Association for the Promotion and Defense of Human Rights (ATPDH), and Samuel Nguiffo of the Center for Environment and Development (CED) in Cameroon. The authors have been following the Chad-Cameroon project since the mid-1990s.

Download the new Non-Completion Report from civil society at:

[http://www.environmentaldefense.org/documents/6282\\_ChadCameroon-Non-Completion.pdf](http://www.environmentaldefense.org/documents/6282_ChadCameroon-Non-Completion.pdf)

Download the World Bank's Implementation Completion Report for the Chad-Cameroon pipeline project at: <http://www.bicusa.org/proxy/Document.10087.aspx>

Read "Impact of Chad-Cameroon pipeline on local populations worse than expected" on BIC's website at: <http://www.bicusa.org/en/Article.3261.aspx>

Read more about the Chad-Cameroon oil pipeline on BIC's website at:

<http://www.bicusa.org/chadcameroon>

### **ActionAid confronts IMF on impacts of its policies in Africa**

April 14 – The anti-poverty agency ActionAid released a critical new report during the Spring Meetings of the World Bank and IMF entitled "Confronting the Contradictions: the case against the IMF on education." The paper analyzes the impacts of the Fund's restrictive macroeconomic policy prescriptions on the education sector in Africa, through case studies of three countries: Sierra Leone, Malawi and Mozambique.

The central argument of the report concerns the conditions imposed on developing countries by the IMF through wage bill ceilings – limitations on the amount of their national budgets that governments can spend on public sector salaries. ActionAid argues

that such restrictions have undermined long-term development goals by requiring “many poor countries to freeze or curtail teacher recruitment.”

Representatives from all three countries brought these compelling arguments to the IMF during its recent Spring Meetings. They called for the IMF to stop hampering their governments’ ability to address severe shortages of teachers, and more generally to “stop attaching specific policy conditions to their lending and surveillance programmes.” Among other core recommendations stemming from the report, ActionAid calls for the Fund to present governments with a much wider range of policy options, and for civil society organizations to increase their own economic literacy so that they may engage governments and the Fund on these issues.

Meanwhile, *Reuters* reported that the Fund released its own report on sub-Saharan Africa earlier this month, in which it predicts that economic growth in the region will accelerate to 6.7 percent next year, up from 5.4 percent last year. The Fund attributed these recent upward trends in part to “sound economic policies in most countries.” Importantly, however, *Reuters* reported that the IMF admits it is still “too early to assess whether the higher growth rates were helping poverty.”

This admission reflects the findings of a recent report by the Fund’s own monitoring unit, the Independent Evaluation Office (IEO), which highlighted the gap between the Fund’s stated commitments to supporting poverty reduction and the impacts of the policies it promotes. The report noted that while countries under the IMF’s Poverty Reduction Growth Facility (PRGF) concessional lending programs generally registered positive economic growth and improved macroeconomic indicators, the proportion of their populations living in poverty actually increased.

The Fund’s ongoing “confidence crisis” was a major underlying issue at the Spring Meetings, amid increasing skepticism about the legitimacy and relevance of the institution. With growing numbers of middle income countries repaying their debts to get out of IMF programs, and with poorer borrowing countries increasingly reluctant to cast their lot with the Fund, many observers, such as anti-poverty campaigner Soren Ambrose, suggest that the Fund’s future depends on whether it can convince “its shareholders...that the institution should continue to exist.”

Read a press release and download the ActionAid report, “Confronting the Contradictions,” at: <http://www.actionaid.org/main.aspx?PageID=581>

Read the *Reuters* article at: <http://africa.reuters.com/business/news/usnBAN432470.html>

Read more about the Independent Evaluation Office’s report on BIC’s website at: <http://www.bicusa.org/en/Article.3269.aspx>

Read Soren Ambrose’s commentary “IMF Confidence Crisis” in *Foreign Policy in Focus* at: <http://www.fpif.org/fpiftxt/4145>

## **World Bank official removes references to family planning in country document**

April 12 – The Government Accountability Project (GAP), a whistleblower protection agency, revealed evidence last week that the Bank’s Managing Director for Operations, Juan Jose Daboub, ordered the removal of language regarding family planning from at least one Bank Country Assistance Strategy (CAS).

In a press release, GAP presented internal World Bank correspondence from Lilia Burunciuc, Program Coordinator for Madagascar, documenting Daboub’s request “to take out all references to family planning” from the CAS for Madagascar. A CAS describes the World Bank’s planned lending and non-lending operations in a given country over a three to five year period.

This revelation has sparked concern that the Bank is abandoning commitments contained in its health strategy to support contraception – a charge that Bank President Paul Wolfowitz, who appointed Daboub in April 2006, has flatly denied. An article in *The Guardian* showed that an earlier version of the draft CAS for Madagascar included a commitment from the Bank “to work to increase contraception uptake from 14% as of 2004 to 20%,” in response to requests from the country’s government for greater assistance in this area. This goal was conspicuously absent from the final document.

Bea Edwards, International Program Director at GAP, said “This effort to deprive impoverished women and men in poor countries of the freedom to control their family size, while condemning women to unwanted pregnancies and unsafe abortions, is unthinkable in a public health program prepared by a development institution.”

*The Guardian* also reported that Daboub, a former Salvadoran finance minister, is allegedly linked to the Catholic sect Opus Dei.

Read “Email trail and draft strategy show family planning removed from Bank’s Africa plans” from Government Accountability Project at:

[http://www.whistleblower.org/content/press\\_detail.cfm?press\\_id=893](http://www.whistleblower.org/content/press_detail.cfm?press_id=893)

Read “Leak prompts fear over World Bank health policies” in *The Guardian* at:

<http://www.guardian.co.uk/imf/story/0,,2058078,00.html>

Read “World Bank under fire over AIDS policy” in *Financial Times* at:

<http://www.ft.com/cms/s/996ea51c-e92e-11db-a162-000b5df10621.html>

**Kwale titanium project in Kenya on track again after Chinese mining company bails out cash-strapped Tiomin**

April 4 – The *East African Standard* reports that Canadian titanium miner Tiomin was granted a reprieve this month after the Jinchuan Group, China’s largest nickel, cobalt and platinum producer, upped its share in the controversial Kwale Sands titanium project in Kenya from 9.9% to 20%. The project had been halted in February after some of the project’s financiers backed out, citing rising costs caused by delays over resettlement compensation for residents in the mine area.

Only ten days after the deal was struck, *The Nation* reported that farmers who had refused the compensation package were forcibly evicted when bulldozers arrived in the middle of the night to demolish their homes. In November 2006, a group of farmers filed suit against the state, arguing that “the Government does not have the constitutional power to order the compulsory acquisition of their land.” The Nairobi High Court ruled against the farmers, paving the way for Tiomin to exploit Kwale District’s lucrative metal deposits.

The plight of Kwale’s displaced farmers illustrates the severe impact that mining and other extractive industry (EI) projects have on land and livelihood losses for local populations. Land is arguably the single most important factor for rural farming-dependent communities, and EI projects inevitably entail the acquisition and (often permanent) destruction of land. The apparent failure of the Kwale project’s resettlement and compensation scheme to adequately address these issues feeds doubts about the purported development benefits of EI investments.

*The Nation* reported that David Kimenye Maingi, who was rendered homeless following last week’s eviction, has nowhere to go and no relatives to take him in. "I was born blind and this is the only place I have known. My children are in three different secondary schools and I depend on income from this farm to get school fees. It is difficult to say what will happen next," he said.

In July 2006, the African Development Bank approved a \$40 million loan for the Kwale project. The ongoing controversy over compensation and resettlement has generated speculation that the Kwale project could become the subject of the first claim under the AfDB’s new Independent Review Mechanism (IRM) – a function akin to the World Bank Inspection Panel, through which affected communities can file complaints when AfDB “safeguard” policies have been violated.

Read “Chinese firm ups stake in Tiomin mine” in the *East African Standard* at:  
<http://allafrica.com/stories/200704040321.html>

Read “Titanium – farmers now evicted” in *The Nation* at:  
<http://allafrica.com/stories/200704140147.html>

Read “Government to evict Kenyan farmers from mineral-rich lands” on BIC’s website at: <http://www.bicusa.org/en/Article.3059.aspx>

## **CSO review explains economic rationale for renegotiation of Democratic Republic of Congo (DRC) mining contracts**

April 12 – UK-based Rights and Accountability in Development (RAID) released a new report in advance of the World Bank Spring Meetings entitled “Key Mining Contracts in Katanga: the economic argument for renegotiation.” The report is based on an independent analysis of Katanga Mining Ltd's (KML) Kamoto contract with the DRC's state mining enterprise, Gecamines. Since the World Bank re-engaged in the DRC in 2001, it has supported the reform of the country's mining sector, including the restructuring of the state-owned mining company Gecamines and facilitation of increased private investment in the mining sector.

The analysis commissioned by RAID shows that the use of extremely low copper and cobalt prices in the mine's economic valuation works to Gecamines' disadvantage, and that Gecamines' assets were never properly assessed before the deal was finalized. These findings illustrate the kinds of problems common to many of the mining contracts signed during the war and under the transitional government in the DRC, and further substantiate the case for their renegotiation.

RAID's report adds to the growing push for greater transparency and fairness in investment deals between foreign companies and national governments. A recent appeal signed by over 100 international and Congolese civil society organizations calls upon the DRC government to “renegotiate, revoke or cancel” disadvantageous contracts signed during the war and transition, and demands that the World Bank support a contract revision process, so that the Congolese people may benefit from the exploitation of the country's resources.

Civil society groups are not alone in demanding better deals. *Reuters* reported last week that the government of Guinea announced its withdrawal from two agreements it made with foreign companies in the oil and bauxite sectors, “as part of a planned review of minerals contracts” by the newly appointed administration. The article added that the tax and customs regimes of the bauxite project were considered unfair and would be subject to review. Guinea is the world's largest producer of bauxite, the ore used to produce aluminum. Earlier this month, renowned lawyer and anti-corruption advocate, Eva Joly, advised Zambia to renegotiate many of its copper mining contracts.

Read RAID's press release at: [http://www.raid-uk.org/news/Economic\\_Rationale\\_Contracts\\_12APR07.htm](http://www.raid-uk.org/news/Economic_Rationale_Contracts_12APR07.htm)

Download the full report “Key Mining Contracts in Katanga: the economic argument for renegotiation” at: [http://www.raid-uk.org/docs/DRC\\_contracts/Economic\\_Argument\\_for\\_Renegotiation.pdf](http://www.raid-uk.org/docs/DRC_contracts/Economic_Argument_for_Renegotiation.pdf)

Read “More support for re-negotiating DRC copper mining contracts” from Mineweb at: <http://www.mineweb.net/mineweb/view/mineweb/en/page68?oid=19497&sn=Detail>

Read “Guinea withdraws oil, bauxite deals for review” from *Reuters* at:  
<http://africa.reuters.com/business/news/usnBAN624432.html>

Read “World Bank official advises Zambia to re-negotiate mining agreements” from *Xinhua* at:  
[http://english.people.com.cn/200703/29/eng20070329\\_362023.html](http://english.people.com.cn/200703/29/eng20070329_362023.html)

### **Wolfowitz scandal overshadows Africa as focus of World Bank Spring Meetings**

April 10 - The scandal concerning Paul Wolfowitz’s role in securing a major salary hike for his paramour, former Bank employee Shaha Riza, took center stage at the Spring Meetings of the IMF and World Bank held in Washington DC earlier this month. The growing outcry from current and former Bank staff, government officials and the public, has prompted speculations that Wolfowitz will resign.

The furor diverted media attention from other substantive issues on the agenda of the Spring Meetings; the Bank’s role in Africa was hardly mentioned in the press except to point out the inconsistency between Wolfowitz’s anti-corruption rhetoric and the wrongdoing of which he is accused. However, Africa still featured prominently during the meetings, with discussion focusing on the Bank’s Africa Action Plan, natural resource management in the Democratic Republic of Congo, and the impact of the IMF’s lending in Africa.

Find out the latest information about Paul Wolfowitz on BIC’s Wolfowitz Watch page at:  
<http://www.bicusa.org/wolfowitz>

Read more analysis about the allegations surrounding Wolfowitz at:  
<http://www.worldbankpresident.org>

Find some additional commentary from Bretton Woods Project at:  
<http://www.brettonwoodsproject.org>

### **Special Feature: World Bank takes stock of its strategy in Africa**

**Note:** The following is an excerpt of a longer piece available on our website. Read the complete version on our website at: <http://www.bicusa.org/en/Article.3287.aspx>

April 15 - The World Bank’s Africa Action Plan (AAP) was at the top of the Development Committee’s official agenda when it convened in Washington, DC earlier this month. While the Wolfowitz scandal distracted from the substantive issues, the Spring Meetings nevertheless provided an opportunity for reflection on the Bank’s operations and impacts in Africa.

The discussion centered around a mid-term progress report on the implementation of the AAP, submitted to the Development Committee in advance of the Spring Meetings. The AAP was initially commissioned by the G-8 during the Gleneagles Summit in July 2005, where donors promised a doubling of aid to Africa by 2010 – a commitment they have yet to fulfill.

Beyond some new terminology and repackaging of ideas, both the original AAP and the revised strategy laid out in the recent progress report read more like blueprints for “business as usual” than innovative approaches to fighting poverty in Africa. Although the core of the Bank’s strategy remains the same – to boost economic growth through private sector investment and an “export push” – some shifts in emphasis between the original action plan and the recent proposed changes merit a closer look...

**Read the complete Special Feature on BIC’s website at:**

<http://www.bicusa.org/en/Article.3287.aspx>

Read the World Bank’s press release on its Action Plan implementation report at:

<http://www.worldbank.org/afr/aap>

Access the original Africa Action Plan document on the Bank’s website at:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:21299309~pagePK:146736~piPK:146830~theSitePK:258644,00.html>

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