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AfDB annual meetings to be held in Shanghai this week

May 14 - The African Development Bank's Board of Governors is convening this week in Shanghai for its 42nd Annual Meetings. China's offer to host the event, which brings together senior finance and development officials from African and donor governments, speaks volumes about changing Sino-African relations. This is the first time the AfDB meetings have taken place in Asia, and only the second time the institution's governors have gathered outside of Africa.

The conference is being billed as an opportunity to strengthen cooperation between China and Africa and to consolidate their expanding commercial ties, which have seen a five-fold increase in the last six years. In addition to the official sessions of the governors' meeting, where they will elect new executive directors for the AfDB, the event includes seminars on a range of topics, including regional integration, extractive industries, small enterprise finance, as well as discussions of China's development lessons for Africa.

Many suspect, however, that the meetings' major outcomes will be decided on the margins, in the corridors and behind closed doors, where private sector deals and bilateral agreements are likely to be negotiated. Although China is a relatively small shareholder at the AfDB – it has only a 1.12% stake in the institution - in recent years it has advocated for the AfDB to take on a more prominent role in Africa's economic growth, through support for infrastructure projects and agriculture in particular.

China's membership in the AfDB, which dates from 1985, provides the Chinese government with a forum within which to take the political pulse of the continent and cultivate diplomatic ties, as well as access to ample procurement opportunities. In 2005, China topped all other countries in procurement acquisitions, having won 15% of the total value of contracts offered by the AfDB that year, and nearly 25% of all works contracts. The AfDB meetings this week come amidst growing interest in and concern about the impacts of Chinese finance and investment both within China and abroad.

Read more about the AfDB's Annual Meetings on its website at:

http://www.afdb.org/portal/page?_pageid=473,970835&_dad=portal&_schema=PORTAL

Read a press release from the International Rivers Network called "China not to repeat the West's mistakes in Africa," and download IRN's new report on China's role in financing African infrastructure, at:

<http://www.irn.org/programs/finance/index.php?id=070514chinaaf.html>

Read "China seeks to overcome credibility gap in Africa" from *Reuters* at:

<http://www.alertnet.org/thenews/newsdesk/PEK289208.htm>

Read critical analysis of China's involvement in Africa from *Pambazuka News* at:

http://www.pambazuka.org/en/category/africa_china/

Read the press release and download a new report called "Time to Go Green" from Friends of the Earth and Banktrack on the environmental impacts and policies of Chinese banks at:

http://action.foe.org/dia/organizationsORG/foe/pressRelease.jsp?press_release_KEY=222

Download a new report from the World Wildlife Federation called "Rethink: China's Outward Investment Flows" at:

http://www.panda.org/news_facts/publications/index.cfm?uNewsID=100400

Find out more about the African Development Bank on BIC's website at:

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

World Bank gives green light to controversial Bujagali Dam in Uganda

April 26 - Despite significant outstanding concerns about the project's economic and environmental viability, recent unrest in Uganda, and a pending Inspection Panel investigation, the Board of Directors of the World Bank Group approved \$130 million in IFC loans and over \$230 million in guarantees from IDA and MIGA to support the construction of the Bujagali dam on the Victoria Nile. Activists and scientists are concerned that the project could further threaten the health of Lake Victoria, the planet's largest tropical lake, while increasing dependence on hydropower in a warming world,

and failing to provide affordable electricity to the majority of Ugandans who lack access today.

Controversy has surrounded Bujagali since the World Bank first expressed its intent to support the 250MW hydropower project over ten years ago. While World Bank financing for the dam was approved in 2001, the project was suspended following a corruption scandal and eventually derailed entirely when the original private sector sponsor pulled out. With the identification of a new private sponsor in 2005, the government of Uganda again appealed to the World Bank Group to help cover the cost of the project, which is now estimated to be \$800 million – nearly \$250 million more than when the dam was first approved.

There is little debate that Uganda is facing an energy crisis; nearly 90% of the population lacks access to electricity and recent drought-related power cuts have interrupted supply to the minority that enjoys service. Rather, the debate is about what is the best, most cost-effective and sustainable way to generate energy for the country's population, while protecting biodiversity and minimizing climate-related risks.

Recent studies by independent experts have added to fears that Bujagali could slow the recovery of Lake Victoria from its recent low levels and jeopardize the survival of fisheries. Additional research warns of the risks that global warming poses to hydropower supply in East Africa. Beyond these environmental issues, doubts remain about the economic soundness of the high-cost project.

Defending Bujagali, the World Bank and project sponsors claim that the dam will have no impact on the levels of Lake Victoria and that it represents the lowest cost option for Uganda. The Bank argues that Bujagali is necessary to meet the needs of energy-intensive industrial sectors, asserting that a reliable electricity supply is critical for economic growth and development.

Although some press articles suggest otherwise, the project does not contain provisions to deliver energy to rural areas or to expand the electricity distribution system. It is designed to feed the national grid and existing consumers. The poverty reduction rationale for the project, it seems, rests on the assumption that powering industrial development in Uganda will trickle down to benefit the poor. Whether and when these purported benefits will materialize remains to be seen.

Meanwhile, both the African Development Bank (AfDB) and European Investment Bank (EIB) also approved investments in the project worth \$110 million and \$130 million respectively. The decision to go forward with this highly contested megaproject has gone relatively unnoticed by the media, whose focus has remained on the fallout of the Wolfowitz scandal at the World Bank.

Read “Activists decry Bank’s loan approval for Uganda dam” from *Inter Press Service* at: <http://www.ipsnews.net/africa/nota.asp?idnews=37522>

Read “Mr. President, let’s make Bujagali different” at:

<http://www.newvision.co.ug/D/8/459/563896>

Read a press release from the International Rivers Network and BIC at:

<http://www.irn.org/programs/bujagali/index.php?id=070426wbignores.html>

Read the NGO letter to the World Bank on the Bujagali project at:

<http://www.irn.org/programs/bujagali/index.php?id=070424letter.html>

Read a report from *Spectrum Online* about Uganda’s alternative energy potential at:

<http://www.spectrum.ieee.org/may07/5054>

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

<http://www.bicusa.org/bujagali> or on the International Rivers Network website at:

<http://www.irn.org/programs/bujagali>

Wolfowitz retains Africa’s support, but many question whether he is as good a friend as they say

On May 1, both the *International Herald Tribune* and the *New York Times* ran an op-ed by Nuhu Ribadu, the chairman of Nigeria’s Economic and Financial Crimes Commission, entitled “Why Wolfowitz Should Stay” about the ongoing scandal involving World Bank President Paul Wolfowitz. In his appeal, Ribadu praised Wolfowitz’s “energetic support for a new Africa that is struggling to emerge,” calling him “a champion of using international development institutions to deal with some of the world’s major problems.” These sentiments were largely echoed by the finance ministers of Liberia, Sierra Leone and Mauritius, who labeled the embattled president “a visionary.”

Many African civil society activists, however, have rejected the claim that Wolfowitz has been such a good friend to Africa. Njoki Njehu from the Daughters of Mumbi Global Resource Center in Kenya attests that Wolfowitz has failed to change the Bank’s approach to Africa, arguing that the Bank continues to undermine development on the continent through the imposition of destructive economic conditions. She adds, “African politicians do African peoples no favors by making excuses for corruption and for the corrupt; Wolfowitz must resign.”

It is perhaps no surprise that such a prominent Nigerian as Ribadu has spoken out in favor of Wolfowitz, considering the historical relationship between Nigeria and the Bank. Not only is the Bank a major contributor to the anti-corruption body where Ribadu serves, Nigeria is also the Bank’s top borrower in sub-Saharan Africa. A number of Nigerians have also been named to important positions at the Bank. Before becoming Nigeria’s Minister of Finance, Ngozi Okonjo-Iweala served as a Vice President at the Bank, and in April Wolfowitz tapped Obiageli Ezekwesili, then Minister of Education, to manage the Bank’s Africa program, based on her anti-corruption credentials.

Meanwhile, a *Financial Times* article raises new questions about Wolfowitz's hotly contested anti-corruption strategy. The article cites Bank sources who confirm that the findings of a Bank audit of aid given to post-war Democratic Republic of Congo (DRC), have been kept quiet since the fall of 2006. The Bank has approved over \$3.6 billion worth of projects for the DRC since reengaging with the country in 2001. According to the *Financial Times*, the failure to disclose the report has caused "'considerable frustration' within [the Bank's] Africa and Congo teams," while a senior UN official complained that it has undermined efforts to increase transparency in fiscal management. The World Bank's lending program to the DRC has come under intense criticism from Congolese and international groups, for its lack of oversight and its emphasis on investment in the natural resource sectors, such as logging and mining, as a key driver of economic growth.

Read Ribadu's op-ed in the *International Herald Tribune* at:

<http://www.ihf.com/articles/2007/05/01/opinion/ednuhu.php>

Read comments from Njoki Njehu and other African activists in a press release from 50 Years Is Enough at: <http://www.50years.org/cms/updates/story/399>

Read "New row over delay of Congo funds report" from the *Financial Times* at:

<http://www.ft.com/cms/s/2800e018-fd81-11db-8d62-000b5df10621.html>

Read more about World Bank lending in the DRC on BIC's website at:

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

Experts selected for AfDB accountability mechanism; Bujagali dam to become first trial case

May 7 - The Board of Directors at the African Development Bank (AfDB) has appointed three panelists to serve on the Roster of Experts at the Bank Group's Independent Review Mechanism (IRM). The IRM is the AfDB's new accountability mechanism, similar to citizen complaint/accountability mechanisms found at other institutions, such as the World Bank's Inspection Panel.

Dr. Madiodio Niase, a Senegalese expert on water and environmental issues, was selected as Chair of the Roster of Experts. The other two panelists will be Dr. Maartje van Putten, who previously served on the World Bank's Inspection Panel, and Professor Daniel Bradlow, a legal scholar and long-time accountability advocate.

According to the AfDB website, the IRM was established in 2004 "to provide people adversely affected by projects financed by the Bank Group with an independent mechanism through which they could request the Bank Group to comply with its own policies and procedures." The Roster of Experts is in charge of investigating claims

of policy violations and presenting findings and recommendations to the AfDB Board of Directors.

Meanwhile, the effectiveness of the AfDB's new accountability mechanism may be put to the test for the first time, as a coalition of Ugandan NGOs register a complaint with the IRM over the AfDB's financing for the Bujagali hydroelectric dam on the Victoria Nile. The AfDB Board approved a \$110 million private investment in the dam, and is expected to vote soon on a proposal for the construction of transmission lines associated with the project.

Read the AfDB press release at:

http://www.afdb.org/portal/page?_pageid=293,174339&_dad=portal&_schema=PORTAL&press_item=18376236&press_lang=us

Read an article in the New Vision about the AfDB's investment in the Bujagali project at: <http://www.newvision.co.ug/D/8/13/563343>

Read more about the Independent Review Mechanism on BIC's website at:

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

Download a new BIC publication entitled "Examining the African Development Bank: A primer for NGOs" on BIC's website at: <http://www.bicusa.org/en/Article.3320.aspx>

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

<http://www.bicusa.org/bujagali> or on the International Rivers Network website at: <http://www.irn.org/programs/bujagali>

CSOs argue for greater control over mining companies in Ghana

April 22 – The *Ghanaian Chronicle* reports that NGOs in Ghana have urged the government to play a greater role in regulating and mitigating the adverse impacts of mining on local communities. Ghana's Food First Information and Action Network (FIAN) and Wassa Association of Communities Affected by Mining (WACAM) held a press conference in Ghana's capital, Accra, arguing that gold mining seriously threatens the environment and livelihoods in areas of mining operations.

FIAN's coordinator Mike Anane singled out U.S.-based Newmont for the detrimental effects of its gold mining operations in Ghana's Brong-Ahafo region. The *Chronicle* reports that Anane said affected communities were dissatisfied with the project because of "the displacement of people, the inadequacy of compensation, loss of access to land and water, environmental destruction and devastation of their natural heritage, culture, and sources of sustenance and military brutalization of protesters." Anane added that Ghana's laws should protect the right of communities to free and informed consent for mining projects on community lands.

FIAN and WACAM joined representatives of other affected communities in Peru, Indonesia, Romania, and the United States, international environmental groups, and some of Newmont's shareholders in issuing a collective statement ahead of the company's annual meetings. The statement called on the company to review how it engages with communities and the environmental impacts of its operations. While the company's shareholders passed a resolution to that effect, some activists insist that Newmont must go a step further to have independent experts conduct the review.

In January 2006, the World Bank's private sector lending arm, the International Finance Corporation (IFC), approved a \$125 million investment in Newmont's Ahafo project, saying it would serve as a model for good resettlement practices and provide benefits to local communities. To date, nearly 10,000 local residents have lost their homes and/or livelihoods as a result of the mine, and thousands more in farming-dependent communities are expected to be physically or economically displaced by the mine's imminent expansion to the north. Meanwhile, the project sponsor is planning to open operations at another mine site in the country, which could threaten a forest reserve and jeopardize local water sources.

Read the *Ghanaian Chronicle* article at: <http://allafrica.com/stories/200704260837.html>

Read "Gov't must control mining companies – NGOs" from *My Joy Online* at: <http://www.myjoyonline.com/archives/news/200704/3764.asp>

Read "Newmont under pressure" about Newmont's shareholder meetings at: <http://allafrica.com/stories/200704260831.html>

Read "Big U.S. miners becoming socially conscious?" from *Reuters* at: <http://www.alertnet.org/thenews/newsdesk/N29336786.htm>

Download "Tarnished Gold: Mining and the unmet promise of development," a report about IFC financing for gold mining on BIC's website at: <http://www.bicusa.org/proxy/Document.9518.aspx>

Read more about the Ahafo gold mining project on BIC's website at: <http://www.bicusa.org/ahafo>

EIB infrastructure fund for Africa kicks off

April 23 – *Reuters* reported that the European Investment Bank (EIB) launched its new Trust Fund for Infrastructure to provide financing for regional infrastructure projects in Africa's energy, water, transportation, and information and communications technology (ICT) sectors. The initial funds set aside amount to nearly €350 million (\$470 million), of which the EIB will contribute €260 million in loans, while the remainder will be provided as grants from the European Commission and EU member states.

The Trust Fund was created in February 2006 as a financial instrument of the EU-Africa Infrastructure Partnership, and will be managed by the EIB, the public bank of the European Union. The EIB, European Commission, and nine EU member states have finally signed on to the initiative, after it had reportedly been delayed due to disputes among EU member states about whether contributions to the fund would come out of their development aid budgets or would require mobilization of additional resources.

The Trust Fund will prioritize cross-border infrastructure projects as set out in the Infrastructure Short-Term Action Plan (I-STAP), an initiative of the African Union-led New Partnership for Africa's Development (NEPAD). In a press release, the EU said that two of the initial projects supported by the Trust Fund would be the Felou Hydroelectric Dam on the Senegal River in Mali, and the East Africa Submarine Cable System (EASSy).

The EIB's emphasis on these large-scale, regional projects has generated concern, particularly considering the Bank's relative lack of social and environmental staff, as well as the weakness of its transparency policies. Some also feel that the concentration on regional connections is misplaced when many countries have not yet managed to ensure local access to basic road, energy and irrigation networks.

Read the *Reuters* article at: <http://www.alertnet.org/thenews/newsdesk/L23266075.htm>

Read the EU press release at:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/538&format=HTML&aged=0&language=EN&guiLanguage=en>

Download a civil society report on EIB lending called "EIB in the South: In whose interest?" at: http://www.bankwatch.org/documents/eib_in_south_3.pdf

Read about the EIB in Africa on BIC's website at: <http://www.bicusa.org/eibinafr>

Find out more about the EU-Africa Infrastructure Partnership on BIC's website at: <http://www.bicusa.org/en/Institution.Lending.18.aspx#EUAfricaPartnershipInfrastructure>

Additional articles

"China should not repeat the mistakes of the West in Africa" by Peter Bosshard, *Sudan Tribune*, May 8, 2007: <http://www.sudantribune.com/spip.php?article21763>

"Nigeria's solution is not in the ballot box" by Kola Ibrahim, *Pambazuka News*, May 3, 2007: <http://www.pambazuka.org/en/category/comment/41150>

"A Matter of Political Will: How the European Union can maintain market access for African, Caribbean and Pacific countries in the absence of Economic Partnership

Agreements” by Third World Network-Africa and Oxfam, April 2007:
http://www.oxfam.org.uk/what_we_do/issues/trade/joint_epas_twnafrica.htm

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