



Bank Information Center
IFIs in Africa News Briefing
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Africa ranks third top reformer in the World Bank's *Doing Business* report

September 6 – A recent IFC press release describes the World Bank's newly published *Doing Business* report, which indicates that sub-Saharan Africa made substantial economic reforms in the past year that have eased private investment. Africa rated the third most reformed region, with the economies of Ghana and Tanzania ranking the ninth and tenth most reformed countries in the world. Rankings were determined on the basis of a set of ten indicators, which included corporate tax structures, business registration and licensing procedures, and flexibility of labor regulations. Despite the “improvements” noted by the Bank, however, Africa's regulatory environments are still ranked the least favorable to investment.

The policy and regulatory reforms praised by the Bank will undoubtedly attract greater interest from foreign businesses, particularly in the most reformed economies such as Ghana. But at what cost? Critics charge that, in ranking economies according to the ease of doing business, the Bank is endorsing deregulation that benefits the private sector often at the expense of basic workers rights, further exacerbating the gap between the rich and poor. The *Doing Business* Report has been roundly criticized by labor organizations worldwide.

Ironically, just as the World Bank's *Doing Business* report pronounced Singapore the world's most business-friendly country, the government of Singapore was showing itself to be highly unfriendly to civil society. Just a week before the World Bank and IMF Annual Meetings in Singapore, the government cracked down on activists, restricting freedoms of assembly and protest and preventing NGO representatives who were accredited to attend the Annual Meetings from entering the country.

Read the IFC press release at <http://allafrica.com/stories/200609060090.html>

Read the International Confederation of Free Trade Union report at <http://www.gurn.info/topic/prsp/doingbusiness.pdf>

See the World Bank's Doing Business rankings at www.doingbusiness.org

World Bank report shows HIPC beneficiaries fall deeper into debt

September 9 - A new report from the World Bank Independent Evaluation Group (IEG) that assessed the impact of the HIPC debt relief initiative concluded that debt sustainability in 11 of the 13 “post-completion point” countries (countries that have fulfilled conditions for debt relief) has deteriorated. An article in Ghana's *Public Agenda* newspaper highlighted the report's findings that the “HIPC initiative has been limited in assisting indebted countries achieve a ‘permanent exit’ from debt rescheduling and mobilising additional resources for development.” The International Monetary Fund and World Bank require governments to comply with certain conditions typically related to economic policy reforms, in order to be granted debt relief. Countries reach “completion point” and a portion of their debt is cancelled when the conditions are met. Typically, governments must implement an IMF program (often through a Poverty Reduction Growth Facility) to the IMF's satisfaction, as part of the prerequisites for completion point.

The *Public Agenda* article critiqued the IEG report for not considering more deeply whether IMF and Bank policies, such as “traditional structural adjustment-type conditionalities of trade liberalisation, privatisation, fiscal austerity and exchange rate convertibility,” have in fact led to the unsustainable debt burden in HIPC countries in the first place.

See the IEG report “Debt Relief for the Poorest: An Evaluation Update of the HIPC Initiative” at <http://www.worldbank.org/ieg/hipc/report.html>

Read the *Public Agenda* article at http://www.ghanaweb.com/public_agenda/article.php?ID=5808

Read BIC's IFI Info Brief “The Debt Burden: Is an end in sight?” at http://www.bicusa.org/bicusa/issues/BIC_IFI_Info_Brief_Debt.pdf

World Bank stands by sustainability of large hydropower projects

September 13 – A *New Scientist* article reports that David Grey, a senior water adviser at the World Bank, promoted the use of large hydroelectric dams as the solution to Africa's energy woes at a recent water management conference held in Australia. Ecologist Max Finlayson from the International Water Management Institute countered this position,

asserting that the World Bank's proposed reversion to a policy of supporting mega-dams is misplaced and will exacerbate poverty and environmental issues in affected areas. According to the *New Scientist*, Grey and Finlayson's exchange marks "the end of a fragile ceasefire between the Bank and ecologists" after the Bank reportedly toned down its lending for hydro projects in 2000.

Beyond the ecological concerns discussed in the article, there are serious questions about the sustainability of major hydro power projects in sub-Saharan Africa, given that it is the region considered to be most susceptible to climate change-induced drought. Decreased rainfall and lower lake levels have already begun to reduce the capacity of some of Africa's hydro plants, such as the Akosombo Dam in Ghana and hydropower plants in Uganda and Tanzania. The risks of hydro-dependence in a warming world must be addressed urgently. Such concerns should top the agenda of the upcoming meeting of the World Bank-IMF Development Committee in Singapore, where the institutions' Development Committee will consider the World Bank's new energy investment framework, including a strategy for Africa that rests heavily on large-scale, regional hydropower, generated from dams on Africa's largest rivers.

Read "Mega-dams back on the agenda" at http://www.eurekalert.org/pub_releases/2006-09/ns-mbo091306.php

Read "Akosombo crippling the economy" from the *Ghanaian Chronicle* at <http://allafrica.com/stories/200609111211.html>

The World Bank's "Clean Energy Investment Framework: A Progress Report" was submitted as a background paper to the Development Committee. Download it at: [http://siteresources.worldbank.org/DEVCOMINT/Documentation/21046509/DC2006-0012\(E\)-CleanEnergy.pdf](http://siteresources.worldbank.org/DEVCOMINT/Documentation/21046509/DC2006-0012(E)-CleanEnergy.pdf)

Visit the International Rivers Network Africa page at <http://www.irn.org/programs/safrica/>

MIGA plans major involvement in DRC mining industry

September 7 - The head of the extractive industries unit for the Multilateral Investment Guarantee Agency (MIGA), the World Bank's political risk insurance arm, has expressed an interest in scaling up its portfolio in the Democratic Republic of Congo's mining industry from its present \$20.8 million to \$500 million within three years. This planned rapid increase in support for private mining companies in the DRC is a major cause for concern considering the destructive impacts that mining projects have had on the country's people and forests and the role that mineral extraction has played in perpetuating the country's brutal civil war. World Bank Group involvement in the DRC since the official end of the war has focused on boosting private sector activity. Lending has been conditioned upon the revision of the country's mining, forest and investment codes, aimed to increase foreign investment in mineral and timber extraction. In absence

of effective government oversight and management capacity, this emphasis on increased investment has allowed the country's mineral-rich areas to be effectively carved up by foreign companies with little regard for benefits to the Congolese public, the rights of local communities, or protection of the environment. 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 scale up its support for mining companies poses serious risks to people and the environment.

Read about MIGA's plan for DRC at http://www.miningmx.com/mining_fin/143182.htm

Read "Digging in Corruption," Global Witness' report on fraud, abuse and exploitation in DRC's mines at <http://www.reliefweb.int/rw/RWB.NSF/db900SID/SODA-6RF34G?OpenDocument>

UK to withhold funds from World Bank over economic conditionalities

September 14 - According to the BBC, Hilary Benn, the UK International Development Secretary, has announced that the government will withhold its £50 million donation from the World Bank in protest of the harsh conditions attached to World Bank's lending in developing countries. While he admitted that some conditions, such as those related to governance and accountability, were essential, Benn criticized the imposition of economic conditions often associated with World Bank financial assistance, such as requirements that countries liberalize their trade policies or privatize state owned utilities. The announcement was reportedly made in response to intense pressure from civil society groups such as Christian Aid and Oxfam.

Read the BBC article at <http://news.bbc.co.uk/2/hi/business/5344752.stm>

Read Christian Aid's press release at <http://christianaid.org.uk/news/stories/060914s.htm>

Read Oxfam's statement on UK decision to withhold funds at http://www.oxfam.org.uk/press/releases/world_bank140906.htm

Additional articles

"Wolfowitz says World Bank could follow IMF vote reform" by Lesley Wroughton, Reuters, September 7, 2006: <http://go.reuters.co.uk/newsArticle.jhtml?type=businessNews&storyID=1445879§ion=finance&src=rss/uk/businessNews>

"World Bank, Gates probe Africa private health care" by Gilbert le Gras, Reuters, September 11, 2006: <http://www.alertnet.org/thenews/newsdesk/N10421239.htm>

“Sub-Saharan African growth to reach 6.3%, IMF says,” Mining Weekly, September 14, 2006: <http://www.miningweekly.co.za/?show=93862>

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