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African Development Bank mobilizes \$1.6 billion for infrastructure under NEPAD

January 31 – In an interview with the Pan African News Agency (PANA Press), the African Development Bank's (AfDB) principal industrial engineer Dr. Ini Urua affirmed that the Bank is ready to invest \$1.6 billion for infrastructure projects aimed at regional integration. According to Dr. Urua, cross-border energy projects such as electricity interconnections between Kenya and Zambia would be given top priority under the Infrastructure Short-Term Infrastructure Plan (I-STAP) – an initiative led by the Bank under the auspices of the African Union's New Partnership for Africa's Development (NEPAD).

Since the AfDB took the lead on the I-STAP in 2002, it has invested \$800 million in regional infrastructure projects under the initiative, a relatively low sum when compared to the ambitious scope of the plan. The anticipated doubling of this amount seems to signal the Bank's commitment to being an active player in the sector. As an illustration, an article in *Mining Weekly* last week described the central role that the AfDB is taking on the Westcor project, a joint-venture power pool between the power companies of the DRC, Angola, Namibia, Botswana and South Africa, that would rely heavily on a controversial 3500 MW hydroelectric dam planned at the Inga site in the Democratic Republic of Congo.

As manager of the I-STAP and host of the Infrastructure Consortium for Africa (ICA), an initiative backed by the G-8 countries, the AfDB has taken on greater responsibility for

coordinating and financing large infrastructure projects in Africa. This is generating concern among some civil society groups who worry that the institution does not have a track record of effectively monitoring or mitigating the negative impacts of projects it supports. Affected communities often bear the heavy environmental and social costs associated with the construction of large-scale projects such as major dams and highways, while the intended benefits of these investments frequently pass them by. Without sufficient capacity to assess and prevent likely impacts or to adequately supervise project implementation, the African Development Bank appears, to many, poorly placed to lead infrastructure development on the continent.

Read the *PANA Press* article at: <http://www.angolapress-angop.ao/noticia-e.asp?ID=505844>

Read the *Mining Weekly* article on the Inga hydroelectric dams at: <http://www.miningweekly.co.za/min/news/thisweek/?show=99999>

African Development Bank lending reaches all-time high

January 22 – According to an article in Ghana's *Heritage News*, Donald Kaberuka, the AfDB president, announced last week that the Bank's lending operations reached a record high of \$3.4 billion in 2006, an increase of 32 percent from 2005. This increase was accompanied by a doubling of lending for private sector activities. Meanwhile, the Bank's private sector lending has come under closer scrutiny in recent weeks by organizations concerned about the AfDB's investment in extractive industries. A controversial titanium mine in coastal Kenya that is supported by the Bank has met with stiff resistance from local communities. The affected residents are concerned about inadequate compensation and environmental impacts. Recent media reports indicate that Canadian mining firm Tiomin is considering abandoning the project, citing costly delays.

Read the *Heritage News* article at: <http://www.theheritagenews.com/article.asp?id=135>

Read more about the titanium mine at: <http://www.bicusa.org/en/Article.3059.aspx>

Read a press release by Tiomin from Friday at: <http://www.ccnmatthews.com/news/releases/show.jsp?action=showRelease&searchText=false&showText=all&actionFor=633777>

Mining companies turn to UN and World Bank in face of Chinese threat

January 29 – An article in *The Times* described a secret high-level meeting of the heads of several Western mining companies and UN and World Bank officials concerning competition from Chinese investors in Africa's mining sector. State-owned Chinese mining companies, the mining executives argued, can offer major incentives in terms of aid and infrastructure, courtesy of the Chinese government, to secure the best mineral

concessions. This is of particular concern to competing firms at a time when mineral prices are so high.

One corporate executive reportedly remarked that Africa “was being ‘raped and pillaged’ by China,” though the same could arguably be said of many Western firms operating in Africa. The miners asked the UN “to mandate that countries must sign deals that require participants to meet high environmental and safety standards.” NGOs that have long called for a common system of binding standards on responsible investment might welcome such a proposal.

The mining executives reportedly also turned to the World Bank in hopes that the International Finance Corporation (IFC), the Bank’s private sector lending arm, would partner with the mining companies and “offer the same sort of incentive-laden deals as China.” This is a surprisingly candid appeal for the international financial institutions to play a role their critics have long-accused them of carrying out – that of promoting Western corporate interests across the globe. As Chinese capital becomes more active in the economies of many developing countries, some observers suspect that Western companies will look increasingly to the IFIs to act as their ambassadors, serving as a counterweight to the Chinese government. The role that international aid organizations play in bolstering Western capitalists against their growing (Eastern) competitors is sure to be the subject of increasing debate in coming years.

Read *The Times* article at: <http://business.timesonline.co.uk/article/0,,9072-2571763,00.html>

As a further indicator of the intensification of Sino-African relations, the African Development Bank will hold its Annual General Meeting in Shanghai, China in May of this year. (see: “Donor bank for Africa to meet in China” by William Wallis, *Financial Times*, February 1, 2007: <http://www.ft.com/cms/s/908404e6-b199-11db-b901-0000779e2340.html>)

Chad-Cameroon oil pipeline faces persistent problems

January 24 - The controversial World Bank-sponsored Chad-Cameroon pipeline is again in the news after an off-shore oil spill occurred near the town of Kribi in coastal Cameroon. The slow response time and allegations that the public was not duly informed of the spill raise critical questions about the safeguards that exist to cope with a larger accident. Samuel Nguiffo, the director of the Centre for the Environment and Development, a Cameroonian NGO, said that if there had been an incident affecting the coastline, “the impact would have been catastrophic because of confusion among authorities and communities who do not seem to know which avenue to pursue in case of a petroleum accident.”

Meanwhile in southern Chad, where ExxonMobil and its consortium partners extract nearly 200,000 barrels of “black gold” per day, the security situation and living

conditions are deteriorating. The oil operations have taken over more of the region's arable land than expected, threatening to exacerbate conflicts between farmers and herders over land-use and leaving some of the country's poorest residents even more vulnerable than they were before the World Bank-backed project. In 2006, ExxonMobil recorded record-breaking profits for the second year in a row, but the company continues to lag on addressing concerns about its operations in Chad that have been documented repeatedly by international monitoring groups.

Despite mounting political instability in Chad and little tangible evidence of poverty reduction nearly four years after the start of oil production, the World Bank maintains that it is still "premature" to draw any final conclusions regarding the success of the petroleum development project. At the same time, the Bank's "Implementation Completion Report," published in December 2006, rates performance on achievement of project objectives as "satisfactory." In contrast, the latest report of the International Advisory Group (IAG), an external body tasked with monitoring the project's implementation, paints a more sobering picture of the situation on the ground. The report from the IAG's 11th mission to Chad cites numerous outstanding social, environmental and security problems in the oil zone, and describes persistent weaknesses in the country's public expenditure system that make it nearly impossible to ensure accountability for how resources are used. According to the IAG, "alarming delays" persist in the implementation of a regional development plan in the oil zone and capacity building measures; the government's ability to monitor the oil sector - "already severely crippled a year ago - has further eroded"; and there is "urgent need to clarify and clean up the whole system of government revenues and expenditures."

The government of Chad is expected to receive nearly \$1 billion in March, when Exxon and the other Consortium members deliver their annual corporate tax payments. Local residents and international observers are concerned that there are no measures in place to ensure that this money is not used to fuel growing conflict on the border with Sudan and internecine strife, or to intensify repressive measures reportedly being taken against Chadian citizens and the press. The only assurance that the World Bank and other international donors can point to is President Deby's promise to direct the majority of government resources to priority sectors, laid out in a Memorandum of Understanding signed with the Bank in July 2006. The President has broken his word in the past, with serious consequences for the people of Chad and neighboring Sudan. Will things be different this time?

Read an update from the World Bank on the spill at:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/CHADEXTN/0,,contentMDK:21191241~menuPK:349881~pagePK:2865066~piPK:2865079~theSitePK:349862,00.html>

Read "Oil leak shows weaknesses in World Bank pipeline, NGOs warn" from IRIN at:

http://www.irinnews.org/report.asp?ReportID=57197&SelectRegion=West_Africa,%20&SelectCountry=Cameroon

Read the IAG's latest monitoring reports at: <http://www.gic-iag.org>

Read more about the Chad-Cameroon pipeline on BIC's webpage at: <http://www.bicusa.org/chadcameroon>

World Bank releases second annual report on its support for extractive industries

In January, the World Bank Group released its second annual Extractive Industries Review Implementation Report, in which it commented on its compliance with certain reform measures it agreed to in 2004. These modest commitments were made in response to the Extractive Industries Review (EIR), a three-year, independent evaluation of the Bank Group's support for oil, gas and mining.

The release of the 2006 implementation report serves as an important reminder of the increasing role of international public finance for the extractive sector. Rather than phasing out its lending for extractives as suggested in the EIR, the World Bank Group increased its support to the EI sector by roughly 40 percent during FY 2006. This increase is of particular concern in Africa, where high global prices for mineral resources and fossil fuels have stimulated a renewed surge of investment in the extractive sector. Meanwhile, the African Development Bank (AfDB), another public financial institution, approved investments worth over \$80 million in mining projects in Zambia and Kenya last year, fueling further speculation that the AfDB intends to scale up its support for hard rock mining.

Of all the sectors in which the International Finance Corporation (IFC) invests, the extractive industries continue to deliver the highest returns. Some of IFC's most profitable projects are the same projects which have been accused of contributing to significant social, environmental and economic harms on the ground. However, the recent EIR implementation report failed to provide project-specific information on the impacts of oil, gas and mining activities.

The World Bank's report also failed to address concerns about the contradiction between the institution's stated commitment to combating climate change, and its continued support for fossil-fuel projects. Beyond highlighting the logical inconsistency in this approach, critics have challenged the Bank's plans to support large-scale, fossil fuel energy sources as a way to address Africa's energy needs. Instead, many groups propose smaller-scale, off-grid, renewable alternatives as a better way to address the pervasive "energy poverty" on the continent.

Read BIC's comments on the World Bank Group's self-evaluation of its compliance at: <http://www.bicusa.org/en/Article.3127.aspx>

Read the World Bank Group's report at: <http://siteresources.worldbank.org/INTOGMC/Resources/implementationtomr2.pdf>

Read more about civil society views on the Bank's energy sector strategy at:
<http://www.bicusa.org/en/Article.2954.aspx>

Find out more about the African Development Bank on BIC's website at:
<http://www.bicusa.org/afdb>

Special Feature: Reflections on the World Social Forum

January 30 - The World Social Forum was held in Africa for the first time earlier this January. For five days, more than 50,000 people gathered in Nairobi, Kenya, to discuss the most pressing issues affecting social, economic and environmental justice in the world today – to voice outrage, to celebrate progress, and to inspire each other.

Turnout was lower than expected and considerably lower than in past years, when up to 200,000 people attended the Forums held in Porto Alegre, Brazil, and Mumbai, India. The lower numbers were due, in part to the relative lack of participation by Kenyans. This was significant because local residents typically make up the bulk of attendees. Indeed, a dispute arose over fees charged for entry, which prompted a protest and direct action by Kenyans who demanded and eventually received a waiver of registration fees. While the event placed African struggles and activists in the limelight, according to some commentators, it also showcased Africa's weaknesses, laying bare the resource constraints facing African civil society and the moral and political compromises which can arise in their wake.

The motto of the social forum may be “another world is possible,” but the event itself was not able to escape the realities of the world, in which money talks – and divides – through its power to buy access, privilege, and voice. For example, many participants were aghast at the ubiquity of Celtel's logo (a cellular telephone company that had exclusive rights to sell mobile phone services – and advertise – at the WSF) and at the high price of food and water inside the venue. This commercial presence sparked concerns about the corporatization and elite capture of the Forum.

Pambazuka news director, Firoze Manji, remarked that the Forum resembled “a trade fair” where “those with greater wealth had more events in the calendar, larger (and more comfortable) spaces, more propaganda – and therefore a larger voice.” In this context, Manji argued, international NGOs essentially bought a greater presence at the Forum than social movements and local organizations could afford, although the latter had messages that are equally, if not more important and pertinent to share.

Despite all these concerns, there is much to praise about the WSF...not least, its diversity. One could find a bit of everything in Nairobi, from discussions on racism and panels on labor movements, to talks on HIV treatment and solar cooking classes; from debates on agricultural trade and sessions on anti-privatization strategies, to protests against war and exhibits of crafts from women's cooperatives. Amidst the various issues,

however, several themes emerged as particularly salient: economic justice; war and militarization; and natural resource control...

Read the rest of this Special Feature on BIC's website at:

<http://www.bicusa.org/en/Article.3126.aspx>

Read Firoze Manji's article in Pambazuka at:

<http://www.pambazuka.org/en/category/features/39464>

Read additional commentary on the WSF at:

- "Poor people gatecrash World Social Forum in Kenya," Reuters:
http://za.today.reuters.com/news/NewsArticle.aspx?type=topNews&storyID=2007-01-25T145750Z_01_BAN553856_RTRIDST_0_OZATP-FORUM-AFRICA-20070125.XML
- "Activists determined to take on globalisation's challenges," Inter Press Agency:
<http://www.ipsnews.net/news.asp?idnews=36325>
- "Small ways to solve big problems," Inter Press Agency:
<http://www.ipsnews.net/news.asp?idnews=36240>
- "WSF 'NGO trade fair' to left politics?" Patrick Bond, Centre for Civil Society:
<http://www.pambazuka.org/en/category/features/39594>

Additional articles

"South Africa: Lower minimum wage for youth proposed" by Jonathan Katzenellenbogen, *Business Day*, February 1, 2007:

<http://allafrica.com/stories/200702010241.html>

"IMF calls the shots in Cameroon: Downplays need for civil service salary increases" by Yemti Harry Ndienla, January 28, 2007:

http://english.ohmynews.com/articleview/article_view.asp?no=342377&rel_no=1

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