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**The Extractive Industries Review (EIR)**

**Regional Consultation Workshop  
for Africa**

**Maputo, Mozambique  
January 13-17, 2003**

**Executive Summary**

## **Notes**

The Extractive Industries Review Regional Consultation Workshop for Africa was held in Maputo, Mozambique, January 13-17, 2003. This Executive Summary was prepared by the EIR Secretariat and it summarizes the views of workshop participants, neither endorsing nor contradicting them.

As in common usage, unless otherwise indicated, use of the terms ‘World Bank’ or ‘the Bank’ refers to the entire World Bank Group. This comprises the International Bank for Reconstruction and Development (IBRD), International Development Agency (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

## **Abbreviations**

ASM	Artisanal and Small-scale Mining
CAO	Compliance Advisor/Ombudsman
CAS	Country Assistance Strategy
CASM	Communities and Small-scale Mining Initiative
CAO	Compliance Adviser and Ombudsman
EBRD	European Bank for Reconstruction and Development
ECMG	External Compliance Monitoring Group
EIR	Extractive Industries Review
EI	Extractive Industries
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Country Initiative
IAG	Independent Advisory Group
IBRD	International Bank for Reconstruction and Development
IDA	International Development Agency
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
MDG	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-Government Organization
OED	Operation Evaluation Department
OEG	Operation Evaluation Group
OEU	Operations Evaluation Unit
PWYP	‘Publish-What-You-Pay’
SME	Small and Medium-sized Enterprise
PRSP	Poverty Reduction Strategy Paper
SSM	Small-Scale Mining
WBG	World Bank Group

## **Executive Summary**

### **Overview**

The Extractive Industries Review (EIR) Regional Consultation Workshop for Africa took place in Maputo, Mozambique, January 13-17, 2003. This was the third in a series of five multi-stakeholder consultations convened to discuss the role of the World Bank Group (WBG) in the extractive industries. The first one for Latin America region took place in Rio de Janeiro, Brazil, April 2002, and the second took place in Budapest, Hungary, June 2002 for the East and Central Europe region. Over one hundred participants attended the workshop, representing civil society (non-governmental organizations, community-based organizations and labor unions), government, industry, academia, and the WBG itself. The objective workshop was to analyze the involvement of the WBG in the oil, gas and mining sectors of Africa and whether these activities were compatible with their overall mission of poverty reduction and sustainable development. Conclusions from the Africa Consultation will be used as inputs for the final EIR report, to be presented to WBG President in December 2003.

Africa has been seen as the lost continent and has continued to suffer widespread poverty despite its abundant natural resources. Government, business and civil society share the same goal for a free and prosperous Africa by 2015, but it was not clear how the various stakeholders can work together to achieve the means for poverty alleviation and sustainable development through extractive industries. The participants were asked to go deeper into the conventional formulas proscribed for development and identify ways to facilitate knowledge transfers, capture investment and to achieve good governance.

The process was guided by the EIR's Eminent Person, Dr. Emil Salim and conducted in two parts: a two-day open forum for civil society testimonials, voluntary information exchange with WBG staff, and presentations on global energy by industry, followed by a three-day closed consultation sessions open only to participants who had been invited or 'self-selected'. These sessions featured presentations from the WBG on its policy and strategy for the extractive industries (EI) in Africa, discussions on specific case studies, and lessons learned from Bank-sponsored oil, gas and mining projects in the region. Work group discussions were based on three case studies identifying the key socio-economic and environmental issues in the Chad-Cameroon Pipeline Project, Kahama Gold Mine in Tanzania and the small-scale mining that provides a livelihood to numerous communities throughout Africa.

Consensus and dissenting views were revealed during the closed sessions. Representatives of civil society called on the Bank to set a moratorium on oil, gas and mining investment until past and present social and environmental damages were assessed. The private sector believes that sustainable development can be achieved by transparency and consultative relationships between mining industry and its stakeholders. Governments generally welcome WBG involvement in developing their extractive industries sector.

Drawing on the working group discussions, participants identified a set of action-oriented recommendations on ten thematic areas if the WBG was to continue actively supporting the extractive sector in Africa. The recommendations focused on: artisanal and small-scale mining; community development; the environment; conflict management; revenue management; governance; disclosure, transparency and trust-building; human rights; WBG policies, procedures and guidelines; and capacity- building.

## ***Open Forum***

### **Civil Society Testimonials**

Representatives from civil society shared their experience of extractive industry projects in the region during testimonials at the open forum. Topics presented included: the social and environmental impacts of a geothermal plant on local communities in Kenya; disputed human rights violations surrounding the development of a gold mine in an area of small-scale mining (SSM) in Tanzania; the work of the churches in Africa on oil and poverty alleviation; the impact of oil developments in the Niger Delta in Nigeria; and economic, social and environmental concerns relating to the Chad-Cameroon pipeline project. In addition, a London-based NGO presented the campaign on oil and revenue transparency as a basis for growth and poverty reduction.

### ***Social and Environmental Impacts of a Geothermal Plant on the Local Community in Kenya***

Olkaria Geothermal Plant located in Eburu, Naivasha is the largest and longest running geothermal plant in Africa. The major adverse environmental impact is caused by the toxic emissions and effluent discharged into the surrounding area. Poor maintenance of pipelines has led to frequent noxious gas emissions from burst wells. Inadequate social provisions for the local community have been the major social concern. Kenyan Generating Company, the local operating company, had promised but failed to employ local workers. While the community has access to water, the area is without roads, schools, health clinics, or electricity, despite being situated in an enclosed area within the plant. Contention over land rights with the operating company has created fear and anxiety in the Masaai community. Constant threats were made to evict the community since their demand for land ownership based on ancestral land rights.

Lastly, the speaker complained of the difficulties encountered in accessing information related to the project, as much of it is undisclosed. The World Bank was blamed for indirectly funding the project with no follow-up; initial financing extended by the Kenyan government to the Olkaria plant was sourced from World Bank funds.

### ***Disputed Human Rights Violation of a Small-Scale Mining Community displaced by a Large Gold Mining Company in Tanzania.***

Representatives from the small-scale mining communities in Tanzania presented their case to the forum. One speaker challenged the rationale of the World Bank Group's support for corporate mining investments in Africa and elsewhere in the World. Bulyanhulu Gold mine was cited as a premier example of where the involvement of multinational

corporations in natural resource development had led to the further impoverishment, marginalization and violation of rural communities living in mineral rich areas.

Prior to the arrival of a foreign mining company, the economy of Bulyanhulu was thriving from gold generated by the artisanal and small-scale operators. The new mining law attracted foreign investment and changed the status of Bulyanhulu. Controversy over the legal status of the area was intense when the Tanzanian Minister for Minerals issued an eviction order for the community to give way to the foreign mining company. Mine shafts were filled by bulldozers to prevent miners from returning. Allegation over human rights abuse was reported and according to the speakers had not been investigated thoroughly. The displaced miners and community members believe that the compensation was not adequately provided. Thousands have lost their investments and source of income from the small-scale mining operations.

A complaint submitted to CAO, prompted a field investigation by the CAO office. After a fact-finding mission and meetings with hundreds of villagers, CAO has released a report stating that allegations could not be proven and defamatory accusations had been made against a reputable company. Record of the casualties reported could not be confirmed. There was a disagreement over human rights violation.

In the end, it was concluded that the World Bank Group's strategy of creating a climate for foreign investment through reform of a country's mining sector, while helping foreign investors' profit, undermined any possibilities for achieving poverty alleviation by developing a country's internal capacities. Activities, such as artisanal mining, could perhaps make a greater contribution to the social and economic development of local communities and the nation.

### ***The Chad-Cameroon Petroleum Development and Pipeline Project***

A session was dedicated to testimonials on the Chad-Cameroon pipeline project by representatives of communities living near the oil fields in Chad, local NGOs from Chad and Cameroon, and Washington-based NGOs. The project was intended to help Chad alleviate poverty, in line with the mission of the World Bank Group, however, the testimonies provided a different picture. According to them, rather than alleviating poverty the project would only succeed in destroying Chad. As an example, the speaker highlighted the fact that revenue bonuses given to Chad by the oil consortium were used to buy weapons to fight conflicts in the north of the country.

Social economic problems exposed in the testimonials included: intimidation people felt when speaking out against company at the community consultation phase; disputes over funds paid for compensation; proliferation of prostitution along the pipeline route; and a notable increase of HIV/AIDS cases due to the influx of workers. The majority of people living in the vicinity of the oil field and along the pipelines feel that their standard of living has not improved. Environmental issues raised included cases of non-compliance with the environmental management plan, such as polluting the river, degrading water quality, and poor reclamation of the bore pits. The Bank's solution to mitigating impacts from the pipeline development was to implement a regional development plan.

Reports issued by the World Bank Inspection Panel, its evaluation units, and the International Advisory Group (IAG) have documented the project's serious failing in putting the necessary conditions for poverty alleviation in place. The testimonies confirmed NGO findings that the project was two-speed; construction was almost a year ahead of schedule, while its 'softer' components, such as capacity-building, environmental protection and regional development, were falling seriously behind. These measures should have been in place prior to, or in conjunction with project construction. A representative from the Government of Cameroon acknowledged there were negative aspects to the pipeline development, as civil society testimonies had shown, however, the project also had many positive aspects, particularly for Cameroon. It would bring in huge revenues, provide much needed infrastructure, and generate employment.

### ***'Publish-What-You-Pay'***

An NGO has pioneered a campaign on oil and revenue transparency that led to the 'Publish-What-You-Pay' (PWYP) Initiative. Over seventy NGOs are calling for mandatory disclosure of net taxes, fees, royalties and other payments made to national governments by international oil, gas and mining companies. PWYP aims for natural resource revenues to be used more effectively and transparently as a basis for growth and poverty reduction. Companies have a responsibility to disclose the payments in order for citizens to hold their governments accountable. The WBG has an important role in prioritizing revenue transparency.

### **World Bank Voluntary Information Exchange**

WBG staff presented an overview of the Group's structure and its stated purpose of poverty alleviation and sustainable development. Environmental and social standards have become increasingly important as the focus of projects has shifted, but the Bank wanted to go beyond this to a more holistic approach for sustainable development and poverty reduction. The Bank adopted the Millennium Development Goals (MDGs), championed globally important development issues, coordinating with the efforts of bilateral and multilateral development institutions and agencies. Each arm of the WBG institution was described briefly, including its activities in EI.

### ***Working with Governments***

The Country Assistance Strategy (CAS) is at the heart of the Bank's work in any given country. The Bank works in cooperation with the government of a particular country to determine a framework defining its program of involvement over several years, taking into account a country's capacity and needs. The CAS often includes special components, such as a plan for promoting private sector development and the Poverty Reduction Strategy Paper (PRSP), a targeted process for reducing poverty in the poorest countries of the world. After approval by the Board of the World Bank Group, the CAS defines country priorities for all Bank activities, whether IBRD/IDA, IFC or MIGA.

### ***Working with the Private Sector***

The World Bank's work with the private sector is governed by the belief that economic growth is a necessity for poverty reduction and that the private sector is a key ingredient in

achieving this. In the context of EI, oil, gas and mining developments were generally most productive with private sector investment, provided there was good governance and appropriate environmental and social safeguards. The Bank has a role in EI in countries where the investment risk is highest, due to high levels of corruption; it can add comfort to sponsors and financial creditors engaged in complex projects. The Bank could be instrumental in breaking down the bureaucratic and administrative problems companies often confront when obtaining licenses to work.

### ***Environmental and Social Review***

The Bank's objective is to 'do no harm' and its safeguard policies are designed to ensure this. Safeguards are applicable to natural habitats, forestry, international waterways, involuntary resettlement, indigenous peoples, and child labor, among others. Each arm of the WBG uses different safeguard policies. The projects proposed for Bank financing should be environmentally sound and sustainable; and the decision makers are identified and informed of the nature of the environmental risks. Provisions are made to ensure compliance and prevent likely non-compliance. 'Category A' projects are likely to have significant adverse environmental impacts, that are sensitive, diverse or unprecedented.

### ***Independent Evaluation Process***

The joint study conducted during 2001-2003 of the Operations Evaluation Department (OED) of the Bank, the Operations Evaluation Group (OEG) of IFC and the Operations Evaluation Unit (OEU) of MIGA, was designed to evaluate how effective the WBG had been in assisting its clients to enhance the contribution of EI to sustainable development. The evaluation units have almost completed their review of all extractive industry projects in the portfolios of IFC, the World Bank, and MIGA. The process is being guided by NGOs, think tanks and an advisory panel; all elements of the evaluation will be presented to the Board of the WBG in a final report. EIR will also use the OED/OEG report for consideration in developing final recommendations to the WBG.

### ***Compliance Advisor/Ombudsman (CAO)***

The CAO is a part of the Bank Group's accountability framework and is an independent office reporting directly, and exclusively, to the President of the World Bank Group. It has three main functions; a compliance role, an advisory role, and an ombudsman role. In its role as ombudsman, the CAO manages direct complaints from parties affected, or likely to be affected, by projects. Complaints can be lodged at project preparation, implementation or even after a project has been divested in cases where it is clear IFC or MIGA may bear some responsibility for outcomes on the ground that are unresolved. When complaints are received, they are appraised and assessed, after which a report is presented to the parties concerned. The CAO attempts to resolve, manage and mediate conflicts, and the office cannot halt a project unless there is a circumstance of probable harm.

### ***World Bank Information Disclosure***

A revised information disclosure policy went into place in 2002 that includes provisions for country officers to make documentation available in all relevant local languages. All IBRD/IDA Country Assistance Strategies are now immediately available, and posted on the web. In addition, the Bank is also trying to encourage its partners in countries to

disclose information; pilot programs are being established in several countries, including Mozambique and Zambia, to promote information disclosure with the permission of governments.

### ***Strategy and Policy of the World Bank Group in Africa***

Twenty-two out of 26 countries in the WBG/IMF Heavily Indebted Poor Countries Initiative (HIPIC) are in Africa, and the region is battling to recover from conflict and dealing with HIV/Aids. The total population is 700 million, increasing at 2.7 % per annum, with average gross national income (GNI) per capita amounting to \$470. Recent growth rates are only 3% per annum and aid flows have decreased over the last ten years to an average of \$19/ head. Private investment flows are highly concentrated in a few countries and in a few sectors, including EI. Recognizing the great divergences within the region; the Bank Group does not have a ‘one size fits all’ strategy.

IBRD/IDA use the PRSP as a tool by to diagnose and formulate policy to focus its assistance on the outcomes and development effectiveness of programs. The Bank is increasing its activities in Sub-Saharan Africa, with FY02 commitments amounting to just under \$4000 million, which accounts for 50% of total IDA lending. The Bank’s total portfolio in the region is around \$15 billion.

IFC activities are focused on infrastructure and communications, and development of the financial sector to boost savings and channel funding into the local economy. IFC is supporting Small and Medium Enterprise (SME) development, working through financial intermediaries, building capacity and establishing industry associations to support SMEs, and concentrating on high impact, sustainable projects. IFC’s total investment portfolio amounts to \$2 billion.

### ***Global Energy Outlook***

Oil industry representatives presented the global energy outlook for the next 50 years. The increase in energy demand will have to be met without further irreversible damage to the ecosystems upon which economic growth depends. Access to clean, affordable and reliable energy is, therefore, critical to sustainable economic development and poverty alleviation. At the same time, the energy system raises a set of trans-boundary issues such as climate change, air quality, the local environment, and energy security; underpinning all of this is the need for good governance.

The energy system is entering a particularly innovative period; the development of renewable energy sources raises the question of how long it will be before fossil fuels are replaced. There is more than one path towards a sustainable energy future and a number of factors will shape long-term energy demand. Concerns about the environmental impacts of carbon emissions from fuels such as coal and oil will encourage the use of gas, particularly in Asia where air quality is a concern. Gas is a highly efficient fuel compared to many others, and the likely decommissioning of coal and nuclear plants will further increase demand. Breakthroughs in innovation and infrastructure availability would cause oil demand to drop sharply. Valuable reserves today may have limited use or value in the long term, when more efficient energy alternatives may replace them.

### ***Closed Consultation***

In his introduction to the closed consultation, Dr. Salim encouraged government, business and civil society who share the same goal for a free and prosperous Africa by 2015, to work together and achieve the means for poverty alleviation and sustainable development through EI. Africa has been seen as the lost continent and has continued to suffer widespread poverty despite its abundant natural resources. The WBG has the convening power necessary to assist in achieving these objectives. Discussions in the working groups focused on three case studies from the region; further elaboration took place on pertinent issues relevant to the WBG's involvement in oil, gas and mining developments. The group then formulated recommendations based on 'lessons learned' that could be applied to future WBG activities in Africa.

### ***IFC, IBRD and IDA -- Chad-Cameroon Pipeline Project***

The Chad-Cameroon Pipeline Project is an enormous and complex oil development project in two countries, made possible by the financial support of IFC, IBRD and IDA. Oil from the Doba basin in southern Chad will be pumped through a 1,070 km pipeline passing through villages, fields and forest before arriving at the Atlantic Coast near Kribi in Cameroon. Pipeline construction is nearly completed, with the first oil expected as soon as August 2003. Enormous revenues will flow to both governments, starting around the end of 2003. These revenues will have tremendous potential to alleviate poverty, especially for Chad where 60% of the population is living below the poverty line.

Prior to the WBG's participation in the project, two key conditions were imposed: implementation of an environmental management plan and a revenue management law. The WBG has also developed appropriate monitoring mechanisms such as the local committee, independent environmental monitoring group (External Compliance Monitoring Group-ECMG), and the Independent Advisory Group (IAG) to ensure revenues are used properly. However it remains to be seen when the first revenue will be distributed. The past history of civil war and rampant corruption has not convinced civil society that the oil revenue will be used to fight poverty. Other key issues raised by the working group include: mitigating environmental aspects along the pipeline route; social impacts on local communities in the construction and operation of the pipeline; and the lack of government capacity.

Some positive impacts from the oil development project have been noted, but perhaps the major contribution from the consortium would be in revenue transparency. The project's managing company will disclose fully all payments going into the government budget, such as royalties, taxes, dividends, fees and custom duties. With revenue transparency in place, potential misuse of oil revenue should be reduced.

### ***MIGA -- Kahama Gold Mine, Bulyanhulu, Tanzania***

This is a case where displaced small-scale miners felt that their legal right to mine in the Bulyanhulu region was taken away in favor of a large foreign company, following a reform in the mining law of Tanzania in the 1990's. Human rights violation allegedly occurred

and displaced miners believe they have not been adequately compensated following the eviction of thousands of small-scale miners from the area.

In Tanzania, the WBG had an indirect role in supporting mineral sector policy reform that resulted in the new mining law. However, MIGA's political risk guarantee amounting to \$172 million in 2000 was crucial in getting the project off the ground. The project's EIA reported that negative impacts from closure of small-scale mining on the economic and social development of the area, occurred prior to MIGA's involvement. MIGA was informed of this, but went ahead and approved the risk insurance. Although MIGA staff believed that they had undertaken due diligence and followed appropriate safeguards relating to displacement and compensation, there is room for improvement for future engagement. Questions were raised whether this was consistent with the poverty alleviation objectives of the WBG, considering the destruction of thousands of peoples' livelihoods caused by development of a large mining operation.

### ***Small-Scale and Artisanal Mining in Africa***

Discussion on the SSM case study did not focus on any WB-funded project, instead it focused on a set of common issues confronted by this informal sector in Africa. SSM has contributed to the local economy and employment, but it also engendered undesirable social and environmental impacts. The industry understands the importance and extent of SSM activities in Africa, its potential impact on the development of larger mining operations and is looking for ways to interact better with this sector.

The problems encountered by SSM are the same as those affecting large-scale mines; however, in the case of small-scale miners, problems are exacerbated by a lack of expertise and resources, metallurgical skills and access to markets. The WBG could, and does, play a major role in this regard. It is crucial to formalize this sector by empowering the miners to acquire legal title to their mineral rights, without infringing on the established mineral rights. The WB could also contribute in this regard.

Industry believes that the WBG is in a position to make a significant input by providing financial, material and administrative assistance to small-scale miners. It has been suggested that the large mining companies voluntarily become involved in the SSM sector at a practical level, with a particular training focus on marketing and financial aspects, to improve the technical knowledge and skills required to mine effectively. Companies should make their equipment, expertise and services available to assist in the establishment of an effective SSM sector.

The WBG should take more of a lead role in facilitating partnerships between large mining companies, governments and the small scale miners on SSM issues. In particular, large-scale mining companies should be persuaded to assist the SSM sector through technical support, facilitating access to new technology and practices, and training. Civil society organizations could be involved in building this relationship.

## **Final Recommendations**

Following the presentations and discussion, Dr. Salim invited the participants to consider how the WBG policies, projects and procedures could be improved to ensure EI will contribute to poverty eradication and sustainable development in Africa by 2015, in line with the Millennium Development Goals. Ten thematic areas where the WBG has a significant role were identified for recommendations: artisanal and small-scale mining; community development; the environment; conflict management; revenue management; governance; disclosure, transparency and trust-building; human rights; WBG policies, procedures and guidelines; and capacity-building. Participants remarked that these recommendations needed to be formulated in a way that would close the gap between theory and practice, ensuring effective implementation on the ground, and bearing in mind who should own and have control over the process of development in Africa.

### *Artisanal and Small-Scale Mining*

The 1994 Harare Declaration should be used by the WB as a basis for its consideration of all SSM/ASM issues in Africa. Its main proposition was the need for a strategic policy and approach by the WBG, formalization of small- and medium- scale mining operating under legal mineral title, development of fiscal regimes, capacity building, and to ensure the sustainability of small-scale and artisanal mining as a livelihood for marginalized communities.

### *Community Development*

Recommendations for Community Development were outlined in nine points. Strong and inclusive engagement from individuals and community groups should be mandatory for all WBG supported projects, this means sufficient time must be allowed to build understanding and capacity to engage effectively. Information must be provided in appropriate forms and negotiating skills nurtured. All initiatives have to focus on poverty alleviation.

### *Environment*

The environment received a lot of attention during the discussion. It prompted 14 points of recommendation; a few issues overlapped with other thematic areas. A multi-dimensional approach has to be taken to achieve effective environmental management. This means moving beyond the biophysical, understanding the critical socio-economic linkages, especially the interface with conditions of poverty. The disconnection between theory and practice in the Bank's safeguard policies should be addressed. The WBG should protect and manage biodiversity by identifying and protecting 'No Go Zones'. Other recommendations include: improving access to information; assisting the international community in policy formulation for emission standards in relation to climate change; addressing the legacy of past operations; and providing technical assistance to ASM/SSM.

### *Conflict Management*

Areas of conflict must be identified and acted upon early before projects begin. When conflicts arise afterwards, they must be managed through effective conflict resolution mechanisms already built into management systems and the regulatory framework. Internal mechanisms for dealing with conflict such as CAO and the Inspection Panel should be

strengthened. Transparency, efficiency and independence of relevant internal bodies should also be improved.

### Revenue Management

Revenue management plans should be developed and agreed via multi stakeholder dialogue. Principles of disclosure and transparency must be applicable to both government and business. The Bank can support disclosure and transparency of revenues and their use; equitable allocation of revenues; and optimum fiscal policies.

### Governance

The Bank is expected to promote models and institute conditionalities of good governance, which would exclude non-compliant clients from Bank funding. Support would be provided to build appropriate legal and enforcement mechanisms to ensure the rule of law is implemented effectively, fairly and consistently.

### Trust-Building, Disclosure Policy and Transparency

A communication plan should be devised from the conceptual stage of the project to build trust between all stakeholders. It should identify and involve all interested parties, and address the issue of accountability. Participatory mechanisms should be incorporated for an effective flow of information between all groups, many of whom are located in remote regions. Project information should be disseminated in forms that can be easily understood by non-technical audiences. It was suggested that the Bank develop clear concise rules and guidelines for industry that apply overall.

### Human Rights

The World Bank Group should ensure human rights are progressively realized through its work with governments and the private sector. Bank operating policies, procedures, contracts and technical assistance should explicitly contain conditions for the respect of human rights. Where there is a proven record of human rights violations, it was suggested that the Bank should not engage. Should violation occur subsequent to the Bank's involvement, it should consider suspending or withholding support until allegations are investigated and resolved in accordance with national laws and international conventions.

### World Bank Group Procedures and Policies

Bank procedures and policies have to be adjusted to incorporate all of the preceding recommendations. Greater flexibility should be employed in the application of Bank guidelines by adapting them to prevailing conditions in the host country, to ensure projects are successfully implemented.

### Capacity-Building

Capacity development is needed in government, small and junior enterprises, civil society, and the private sector. Two major concerns are the over-reliance on external expertise and the loss of talent to other countries. The Bank could ensure coordination on capacity-building initiatives with international partners.

### **Post-Consultation Statement from Civil Society**

In a post-consultation statement, representatives from African civil society organizations called on the Bank to set a moratorium on oil, gas and mining investments until past and present social and environmental damages were addressed. Outlining a set of conditions that should govern any future WBG involvement in EI in the region, the group called for the Bank to meet their demands through effective consultations.

### **Final Discussion**

Although civil society remained skeptical that real change would be realized unless the Bank recognized its past and present mistakes, concrete steps should be taken to build the capacity of all stakeholders, if Africa is to achieve its potential for long term sustainable development through the exploitation of its natural resources.

Some government participants commented that efforts of the WBG to review its work on poverty alleviation and sustainable development in relation to EI in Africa, was generally positive. They viewed the assistance to EI as crucial in Africa, where governments do not have the funds and expertise to develop the sectors on their own. Countries new to extractive sectors, such as Mali and Niger, particularly need this assistance from the Bank to develop their industries.

A notable exchange of ideas stemmed from group discussions on the subject of small-scale and artisanal mining. The Bank's support for small-scale mining projects in Burkina Faso and Zambia were of particular interest, and participants viewed them as model examples of the type of work the Bank should repeat throughout Africa. The WBG was encouraged to do everything in its power to assist small and medium-sized companies. Artisanal and small-scale mining were important informal sectors, generating substantial incomes for local people.

### **Concluding Remarks**

In the concluding remarks, the Director of the World Bank Group's Oil, Gas, Mining & Chemicals Department, Rashad Kaldany, thanked the participants for constructive and informative dialogue. He was pleased that the participants had highlighted contrasting views, and formulated excellent recommendations on governance and revenue management, artisanal and small-scale mining and capacity-building. The Bank has improved its practices over the past ten years but still had much to learn and would continue to do so. He also commented on the need for local partners to be empowered to work more effectively.

Dr. Salim thanked participants for their efforts in formulating the ten recommendations. The effectiveness of consultation was due to excellent communication between stakeholders, even though civil society was reluctant to participate in the review initially. Dr. Salim recognized the frustrations felt by all stakeholders in Africa. Civil society viewed the involvement of multinational companies in Africa as a form of neo-colonialism, and many remained skeptical about whether development objectives had the interests of Africans in mind. Governments were frustrated by rigid structural adjustment programs and other strings attached to securing foreign aids. The private sector was

frustrated by government failures to develop effective revenue management, and by civil society criticisms that companies do not fulfill their responsibilities. The WBG was also frustrated at project failures, despite years of preparation and planning. Criticisms of EI projects from all sides were pushing many in the Bank to be risk averse.

The participants produced recommendations in ten thematic areas. Although some had doubts that the recommendations would be implemented, Dr. Salim believed that all stakeholders interested in Africa's development should build partnerships to work towards a common goal. It is essential to build up trust between government, civil society and the private sector to create an enabling environment conducive for development. Poverty alleviation in Africa will have to include developing natural resources together with developing human resources, by putting development in the hands of the people.