

WHAT IS THE EIR?

The World Bank Group's Review of its Activities in Extractive Industries

1. The World Bank has been undertaking a review of its activities in extractive industries (oil, gas and mining production) over the last three years. The specific impetus for the review was the commitment given by the President of the World Bank to review with stakeholders the best future role for it in EI. The general background was increased questioning by some civil society and academics as to whether EI could contribute to sustainable development, and some high profile Bank projects such as the Chad Cameroon oil pipeline development (<http://www.worldbank.org/afr/ccproj/>).
2. The **overall review** consists of three major components:
 - An extensive consultation with stakeholders to obtain their views. An independent consultation to obtain the views of stakeholders (governments, industry, civil society, academia) is being led by Dr. Emil Salim, who in the past had been the Minister responsible for the environment in Indonesia. (More details below). This consultation process has become known as the Extractive Industries Review (EIR) and has a comprehensive web site that provides more information: eireview.org.
 - Evaluations of WBG activities in the sector:
 1. The independent operational evaluation groups of IBRD/IDA, IFC and MIGA (OED, OEG, and OEU respectively) have carried out an evaluation of past activities of the WBG in the sector.
 2. A review by the Compliance Advisor and Ombudsman's office of IFC/MIGA (CAO) of eight IFC/MIGA projects too recent to be included in the joint evaluation report. This review focused on the appraisal process of these projects.
 - An eventual Management Response that will respond to these reviews and propose a framework for future WBG activities in EI
3. **Other Initiatives:** In addition, there are a number of other initiatives have been completed or gotten under way since the WBG started its review that will also help guide Management's proposals for future WBG's activities in EI. These include, for example: the CAO review of IFC's safeguards (completed); IFC's review of its safeguard policies (ongoing); the UK government led "Extractive Industries Transparency Initiative" (EITI) that is developing an approach to encourage transparency of revenues in extractive industries; the Mining and Minerals Sustainable Development initiative, a mining industry review of the mining sectors operations with recommendations about enhancing sustainability in that sector that was completed in 2002.

4. **Progress to Date:**

The overall process is now nearing conclusion:

- The CAO's office delivered their report on the recent appraisal process of IFC/MIGA EI projects in April, 2003. The report can be accessed at: <http://www.cao-ombudsman.org>

- OED/OEG/OEU delivered their joint evaluation to CODE in July, 2003 which found generally that the WBG activities in the sector had added value with outcome as good as those for the Bank generally. The evaluation is available at: <http://www2.ifc.org/oeg/EIEvaluation/index.html>
- The **EIR Stakeholder Consultation** process has issued a final draft report after an extensive process of consultation that has included:
 - A **stakeholder planning workshop** to help design the consultation process and agree terms of reference and the use of independent, professional facilitators to moderate the subsequent stakeholder workshops.
 - **Five regional multi-stakeholder workshops** (Africa, Asia, Europe/Central Asia, Latin America, Middle East/North Africa).
 - A large number of **ad hoc meetings** with a wide range of stakeholder groups
 - A program of collecting **submissions and views from interested groups** and posting these on their web site
 - A limited number of **project site visits** (including to Chad Cameroon)
 - A **program of research** focused on getting the views of particular groups of stakeholders or about particular issues including: A collection of indigenous peoples experiences (including international workshop); an in depth review of the views of two mining communities in Europe and Latin America; and a survey of small companies not directly concerned with the WBG.
 - The appointment by Dr. Salim of a **group of ten advisors** drawn internationally from stakeholder groups to meet and review his report.
- A **final stakeholder meeting** will be held to discuss the final draft EIR report (December 11-13, Lisbon) and the final report will be delivered to the Bank at end December 2003.
- A **Management Response** is being drafted in parallel with the final stages of the EIR report and through a broad process of discussion of issues within the WBG. A draft Management Response is expected to be sent to the WBG's Committee on Development Effectiveness in late February, 2004.

Emerging Messages:

5. The EIR report is not yet complete, but from the draft report available, the stakeholder consultations themselves, and the WBG internal evaluations, three very broad messages (not necessarily universally accepted) emerge:
 - Extractive industries can contribute to development when done right.
 - There are risks and issues that need to be managed/mitigated to help ensure that the contribution is positive and is optimized.
 - There is a role for the WBG in EI but in a number of respects it needs to refocus and enhance its performance.
6. The evaluation and consultations have generated rich and diverse collection of recommendations/areas of concern that accompany these broad messages, and that can be grouped broadly into the following categories:
 - The need for an **integrated strategy** for WBG activities in extractive industries

- Increased **focus on governance** by the WBG – both in the context of projects and in its dealings with resource rich countries generally.
- **Increased disclosure and transparency** about revenues received by governments, about project outcomes and WBG activities
- **Climate change** and its interaction with activities in extractive industries.
- **Human rights** including the rights of **indigenous people**.
- Increased **focus on Community development** and risks and benefits for local people including meaningful consultation and participation processes.
- **Environmental issues** including concerns about particular processes and sensitive and rich areas.
- **Updating and broadening of World Bank safeguards**.
- **Greater use of WBG convening power** to advance the sustainability agenda in the extractive industries.