



THE WORLD BANK GROUP IN EXTRACTIVE INDUSTRIES

2012 ANNUAL REVIEW

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Abbreviations and Acronyms

AAA	Analytic and Advisory Activities
AFR	Africa region
ASM	Artisanal and Small-Scale Mining
BRIC	Brazil, Russia, India, China
CAO	Compliance Advisor/Ombudsman
CAS	Country Assistance Strategy
CASM	Communities and Small-Scale Mining
CODE	Committee on Development Effectiveness
CommDev	Oil, Gas and Mining Sustainable Community Development Fund
DFID	Department for International Development (UK)
DOTS	Development Outcome Tracking System
DPL	Development Policy Lending
EAP	East Asia and Pacific region
ECA	Europe and Central Asia region
EE	Energy Efficiency
EI	Extractive Industries
EIA	US Energy Information Administration
EIR	Extractive Industries Review
EITI	Extractive Industries Transparency Initiative
EITAF	Extractive Industries Technical Assistance Facility
EITAG	Extractive Industries Technical Advisory Group
FDI	Foreign Direct Investment
FY	Fiscal Year (ending June 30 th for the WBG)
GGFR	Global Gas Flaring Reduction Partnership
GHG	Greenhouse Gas
GRICS	World Bank Institute Governance Indicators
HGA	Host Government Agreement
HIPC	Heavily Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IBRD	International Bank for Reconstruction and Development
ICMM	International Council on Mining and Metals
IDA	International Development Association
IEA	International Energy Agency
IFI	International Financial Institution
IFC	International Finance Corporation
IGA	Inter-government Agreement
IMF	International Monetary Fund
IUCN	World Conservation Union
LICUS	Low-Income Countries under Stress
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MENA	The Middle East and North Africa region
MIGA	Multilateral Investment Guarantee Agency
MR	Management Response to the Extractive Industries Review
New-RE	Renewable Energy excluding hydro with capacity more than 10MW
NGO	Nongovernmental Organization

OECD	Organization for Economic Co-operation and Development
OED	Operations Evaluation Department
OEG	Operations Evaluation Group
OEU	Operational Evaluation Unit
PRSP	Poverty Reduction Strategy Paper
RE	Renewable Energy
SEGOM	The World Bank's Oil, Gas and Mining Policy Division
SPI	Summary of Project Information
SME	Small and Medium Enterprises
TA	Technical Assistance
TSX	Toronto Stock Exchange
UJV	Unincorporated Joint Venture
UN	United Nations
UNEP	United Nations Energy Program
WBG	World Bank Group

Executive Summary

This report provides a summary of WBG activities in the extractives industries (EI) sector in FY2012. The WBG's objective in the extractive sector is to ensure that natural resources contribute positively to economic development, and it engages along the extractive industries value chain to help ensure this. IBRD/IDA focuses on assisting host governments, and IFC and MIGA engage with the private sector, supporting investment in new or expanded physical capacity and seeking to engender best practices. Through its advisory work, IFC also aims to enhance project benefits to local communities.

WBG Extractive Industries Financing in FY2012

The overall volume of FY2012 WBG financing in the EI sector was US\$695.5 million compared with US\$679 million in FY2011. IBRD/IDA financing accounted for US\$85 million focused on policy support and capacity building. In support of private sector investment, IFC provided US\$490.6 million of financing and MIGA provided US\$119.5 million of risk coverage. In addition, IBRD/IDA provided grants funded by partners of roughly US\$21 million. Total WBG EI commitments were about 2 percent of total WBG financing in the year.

During the reporting period of FY2012, IFC's oil, gas and mining client companies contributed approximately US\$6.2 billion to government revenues, created or sustained about 102,000 direct jobs and supported local communities with US\$100 million of dedicated community-related spending. Total spending by these companies on goods and services from local and national suppliers approached US\$5.4 billion, demonstrating both significant linkages to local business and making a major contribution to local economies¹. With effect from January 1st, 2012, IFC introduced a requirement that the principal contract(s) for EI projects that it finances be disclosed.

Partnerships and Initiatives

Important partnerships and initiatives supported by the WBG in FY12 included:

Extractive Industries Transparency Initiative (EITI). With WBG support, the Extractive Industries Transparency Initiative continues to have a positive impact on the transparency of oil, gas and mining sector payments to governments. As of June FY2012, there were thirty-six EITI-implementing countries, of which fifteen have completed their first EITI cycle, including an external validation, and have been declared EITI-compliant. The World Bank supports the initiative through: (a) administration of the EITI Multi-Donor Trust Fund (MDTF) that provides support to governments to implement EITI; (b) support to civil society to enable effective participation in the multi-stakeholder process; and (c) global knowledge work, including assistance to the EITI Secretariat in its coordination function and serving as an observer on the

¹ For further information see the IFC's Annual Report for the year ended June 30th 2012 (FY2012). Data can also be accessed on the external website of the IFC: www.ifc.org/ifcext/coc.nsf/content/Disclosure

EITI Board. As more countries attain EITI-compliant status, WB/MDTF technical assistance and funding are shifting to support broader areas of EI governance.

Petroleum Governance Initiative (PGI). The WBG collaborates with the Norwegian government on a joint Petroleum Governance Initiative that has been extended for a further three years. The PGI is based on the thematic pillars of Governance, Environment, and Community Development and works at both the global and country-specific levels. A growing body of work is being coordinated in various countries, including Cambodia, Colombia, Ghana, Mauritania, Peru, Rwanda, Vietnam, and Uganda.

Global Gas Flaring Reduction Partnership (GGFR). The Global Gas Flaring Reduction Partnership brings together representatives from major oil-producing countries and companies, as well as other stakeholders, to reduce gas flaring as a concrete contribution to improving energy efficiency and mitigating climate change. GGFR is also making efforts to utilize the associated gas -currently wasted- for power generation. GGFR is finishing its third phase covering the period 2010-2012 and continues to gain momentum, with the inclusion of new partners such as Kuwait, the EBRD, and the Republic of Congo. GGFR this year celebrates its 10th anniversary with a major Global Forum in London, hosted by the EBRD on October 24 & 25. The GGFR, which in 2013 will kick off a new phase, focuses its work on key anchor countries — Indonesia, Mexico, Nigeria, Iraq and Russia — and on activities in their surrounding regions that may lead to larger flare reduction projects or programs. GGFR has established three new networks: one to examine the technical issues that inhibit further reductions in flaring; another focused on communications-related issues to encourage dissemination of success stories; and a third to address the use of carbon finance to make gas flaring reduction projects more economically viable.

Extractive Industries Technical Advisory Facility (EI-TAF). The EI-TAF was established to facilitate the provision of advisory services to governments needing rapid assistance on prospective EI development. By end FY12, the facility had established partnerships with four supporting countries and had financing commitments totaling US\$26 million. EI-TAF is now responding to requests for assistance from 8 countries with several more in the pipeline. The Extractive Industries Source Book, a dynamic, open source wiki-like platform that brings together published works, sample policy/legal and regulatory instruments, and good practice case studies went live in September 2011. A print version is now underway.

World Bank Institute – Governance for Extractive Industries (GEI). The GEI program, housed in the World Bank Institute, promotes transparency and accountability along the extractive industries value chain. GEI believes countries can have a brighter future through accountable and transparent use of extractive resources. Innovative and collaborative approaches are essential to achieve lasting solutions. This is why GEI connects and empowers key stakeholders in extractive industries to jointly identify, prioritize, and implement actions designed to lead to better governance outcomes. The program seeks to build capacity, knowledge and networks across stakeholders, countries and initiatives, through a collaborative model.

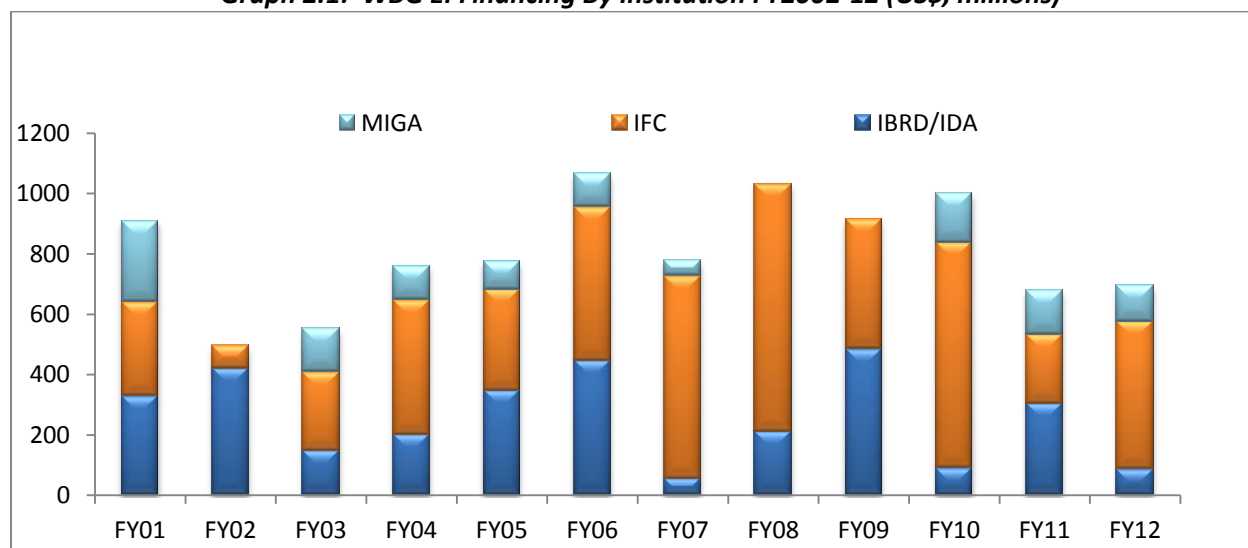
I. The World Bank Group in the Extractives Sector

1.1 The World Bank Group was active in the extractives sector in FY12 with IBRD/IDA supporting a number of countries in the areas of policy and capacity building with the aim of assisting them manage and develop their EI sectors effectively. In addition, both IFC and MIGA provided financing/guarantees for private sector EI investment. In addition the WBG had a number of active partnerships that were aimed at addressing key issues in the sector.

II. WBG – EI Financing in FY2012

2.1 The overall volume of WBG EI financing in FY2012 was US\$695.5 million, compared with US\$678.8 million in FY2011². IBRD/IDA contributed \$85.4 million for policy and capacity building compared with US\$119.5 million provided by MIGA for private sector investment of which almost 75% was for oil and gas.

Graph 2.1: WBG EI Financing By Institution FY2002-12 (US\$, millions)



Source: World Bank Group

² Details provided in Annex B.

Table 2: WBG FY2012 Financing by Sub-Sector

New Capacity Investments (US\$, millions)			Other	
Institution	Mining	Oil & Gas	E&S and Policy Capacity Bldg	
			Mining	Oil & Gas
IBRD/IDA ³			28.16	57.26
IFC	223.5	267.1		
MIGA	-	119.5		
Total	223.5	386.6	28.16	57.26

2.2 By region, Africa accounted for almost half of total US dollar financing, Middle East/North Africa 25% and Europe/Central Asia 17%.

IBRD & IDA

2.3 The IBRD/IDA provided financing of US\$85.4 million in 11 programs in FY2012 spread evenly between the oil/gas and the mining sectors in terms of numbers of programs. Most IBRD/IDA financings were components of larger programs often with a focus on governance and transparency.

2.4 In addition, IBRD/IDA provided US\$ 21.1 million in grant financing for 23 programs in 16 countries. Grants were mainly focused on support of improving transparency through the EITI program but also included a number of programs focused on sector governance and artisanal mining.

IFC

New Financing Commitments

2.5 In FY2012, IFC committed to 22 financings for a total of US\$491 million in more than 17 countries. In US\$ volume terms investments were split evenly between mining and oil and gas with 14 separate mining investments and 8 oil and gas investments. Twelve of the mining investments were for exploration and appraisal and two were for project development. In the case of oil and gas, only one out of seven investments was intended to support exploration and appraisal with the remainder for development. In addition, IFC mobilized US\$630 million from other institutions for investors.

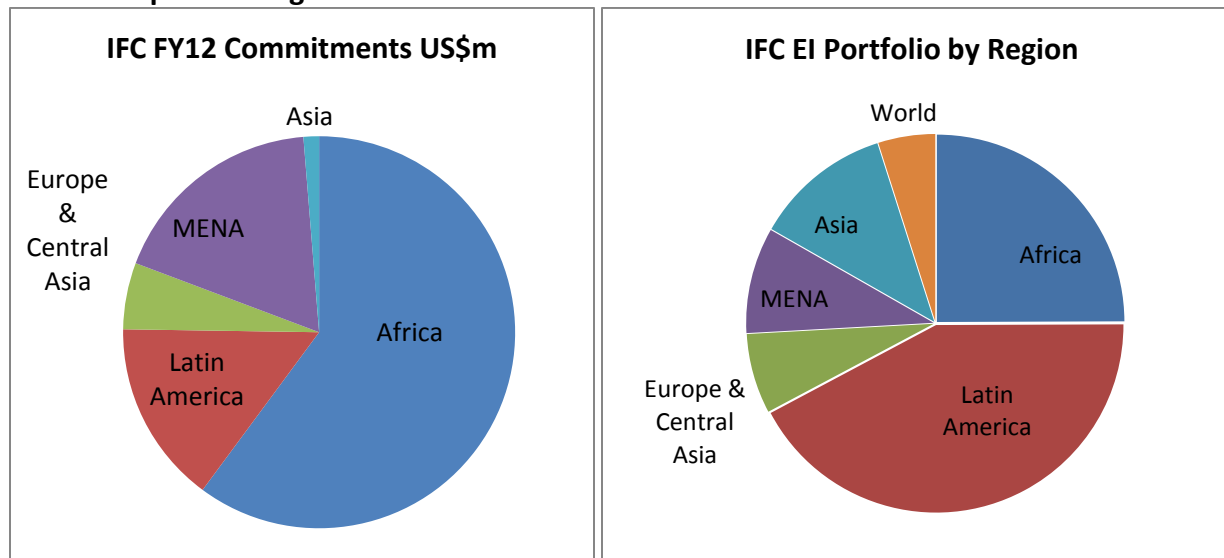
³ Includes blend countries – See Annex B

2.6 More than half of total investment by US\$ volume was in Africa (56%) and with Latin America (21%) and the Middle East North Africa (17%) the next two regions. In terms of numbers of projects, 12 out of 22 investments were in Africa in seven different countries. About 20% of IFC's financing was in the form of equity.

Portfolio

2.7 Overall, IFC holds an EI portfolio of US\$2.5 billion, roughly 75 percent in oil and gas and 25 percent in mining in terms of US\$ million committed but roughly similar in terms of numbers of investments. Together, IFC has investments in more than 45 countries with Africa and Latin America together accounting for about two thirds of the portfolio in US\$ million terms. Loans account for over 75 percent of the IFC portfolio and equity investments are the balance.

Graph 2.2: Regional distribution of IFC's EI Investments: New Business and Portfolio



Development Results of IFC Investments in the Extractives Sector

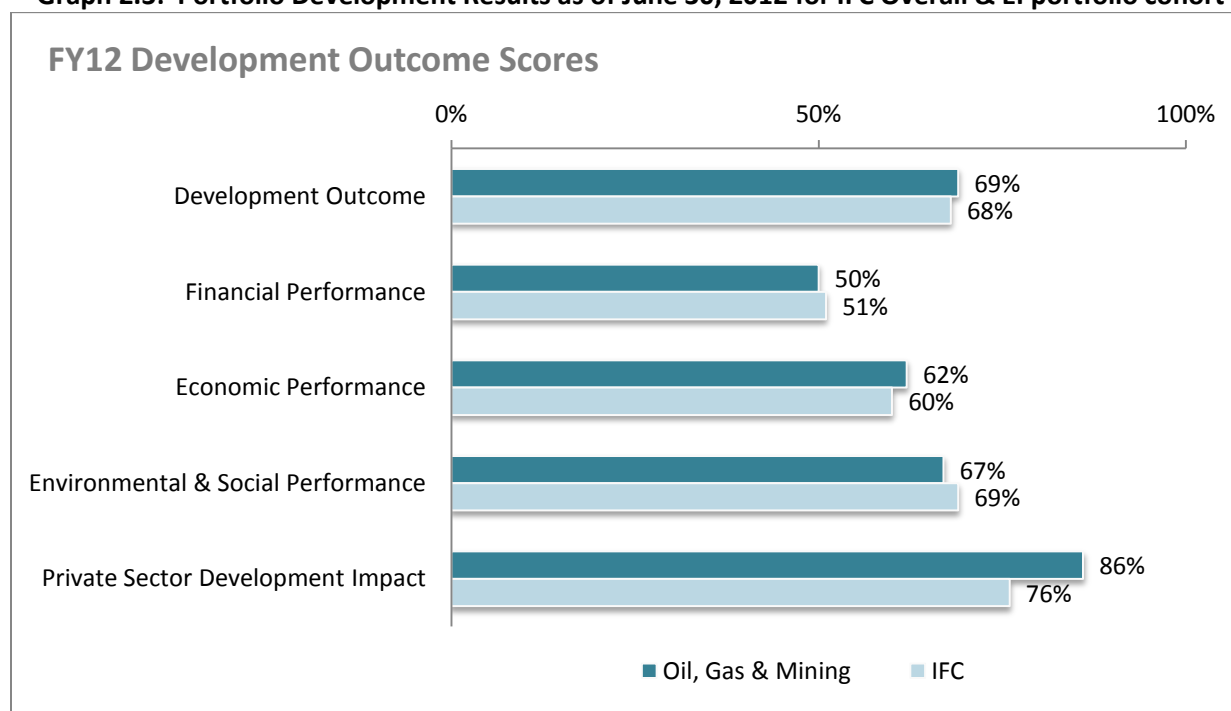
2.8 During CY2011, IFC's oil, gas and mining client companies contributed approximately US\$6.2 billion to government revenues and created or sustained over 100,000 jobs. Many IFC client companies are active in supporting the development of local communities, and spent about US\$100 million on such activities in calendar year 2011. Local procurement of goods and services approached US\$5.4 billion⁴. New investments committed in FY12 are expected to

⁴ For further information see IFC's Annual Report for the year ended June 30th 2012 (FY2012). Data can also be accessed on the external website of the IFC:
http://www1.ifc.org/wps/wcm/connect/CORP_EXT_Content/IFC_External_Corporate_Site/Annual+Report/?regionindustry=IFC_EXT_Design/IFC+regions,IFC_EXT_Design/IFC+industries

generate additional revenues for government, jobs, spending with local businesses and community spending as projects are developed and come on stream.

2.9 The vast majority of IFC investments in EI continue to have notable, positive development impacts. 69 percent of the extractives portfolio demonstrated positive results on the ground in FY2012, which is in line with results for IFC investments overall. Financial and economic performance, however, deteriorated somewhat as weaker commodity prices, and a more difficult market environment for juniors took their toll.

Graph 2.3: Portfolio Development Results as of June 30, 2012 for IFC Overall & EI portfolio cohort



MIGA

2.10 In FY2012, MIGA issued guarantees totaling US\$119.5 million to support the development of gas fields in Uzbekistan by Lukoil. For more details see Annex E.

III. Partnerships and Initiatives

Extractive Industries Transparency Initiative

3.1 Since its inception in 2003, the Extractive Industries Transparency Initiative (EITI)⁵ and its principles have become well-established and recognized standards for resource revenue transparency. The WBG continues strongly to support the implementation of EITI, which is an integral part of the WBG strategies for EI engagement. World Bank support spans the following activities: (i) administration and management of the EITI Multi-Donor Trust Fund (MDTF), comprising 15 donors and contributions of almost US\$50 million; (ii) technical assistance to 50+ countries throughout the EITI implementation cycle up to validation and post-validation. The work program also includes direct support to civil society on EITI issues; (iii) training, knowledge management and policy inputs in coordination with the International EITI Secretariat. The WBG also serves as an observer on the International EITI Board.

3.2 At the start of the WB/Multi-Donor Trust Fund (MDTF) work program in 2004/2005, the initial focus was on outreach and education, helping the initial set of countries to build consensus for and to incorporate EITI into national processes. As acceptance of EITI grew, the EITI portfolio of countries expanded substantially across all regions, but especially in Africa. Since then, the global EITI architecture (EITI Board) and standards (EITI rules) have solidified, as has the focus of the EITI team, and the WB/MDTF's work has evolved accordingly. While the emphasis remains on supporting EITI implementing countries and ensuring they meet EITI deadlines, the WB/MDTF focus now also includes: (i) continued outreach to new countries; (ii) direct support for civil society to help ensure informed engagement in EITI processes; and (iii) a continued, proactive effort to expand global knowledge and learning. As more countries reach EITI-compliant status, the WB/MDTF focus is also shifting to support improved governance beyond validation, ensuring that EITI is sustainable, irreversible, and a platform for improvements in EI governance and better public financial management.

3.3 By the end of FY2012, there were 36 EITI-implementing countries, of which fifteen (including Norway, and a range of other countries in Africa, East Asia, Latin America, Europe and Central Asia) have completed their first EITI cycle, received external validation and been declared EITI-compliant (see Annex A for a list of EITI countries by geographic region and implementation progress to date). Among the EITI-implementing countries shown, several are at advanced stages of completing validation and reaching EITI compliance. Countries in early stages of implementation include recent candidates such as Solomon Islands, Trinidad and Tobago and Guatemala as well as Iraq, Indonesia, Afghanistan, Chad and Togo. There remains strong interest in adopting EITI in other countries such as Colombia, Dominican Republic, Philippines, Malawi and Ukraine, where WB/MDTF continues outreach work together with the EITI Secretariat in Oslo and other partners.

⁵ For more information on the EITI see www.eiti.org.

3.4 With the momentum of EITI, there is emerging evidence of positive results at the country-level, especially concerning data on EI revenues and the systematic depositing of payments in the public domain (often for the first time in many countries). Other positive results include the creation of effective multi-stakeholder mechanisms which not only oversee EITI but help build trust in addressing other aspects of managing the oil, gas and mining sectors. Similarly, at the global level, there is a growing trend towards regional approaches and knowledge-sharing among countries. These positive outcomes have been acknowledged by two different evaluation studies, an internal evaluation of EITI MDTF prepared by the Independent Evaluation Group and an external evaluation of EITI produced by the Norwegian-based firm Scanteam.

3.5 Both studies found that EITI has made significant progress on improving transparency around resource revenues in implementing countries. At the same time, both studies coincide on mentioning that improved accountability remains the major challenge for EITI to achieve long term impacts. The key challenges ahead for the WB/MDTF EITI team, therefore, are to help EITI countries to leverage their EITI processes to achieve “higher-order” outcomes in terms of better management of their oil, gas and mining sectors and to build systematic linkages with other domestic reform initiatives (such as stronger tax administration and public financial management, greater transparency of contracts and improved ties to anti-corruption institutions). In the short term however, WB/MDTF priorities will remain focused on the ongoing validation of several EITI countries and on outreach to new countries. In this respect, the World Bank Group is working actively with the International EITI Secretariat in Oslo, bilateral partners and international civil society as well as with other international institutions such as the IMF, the Africa Development Bank and the Asia Development Bank, to ensure effective EITI implementation. Currently, the EITI International Board is considering its new strategy to deepen and widen transparency and accountability efforts along the EI value chain. The new strategy is expected to be approved early 2013.

Global Gas Flaring Reduction Partnership (GGFR)

3.6 The GGFR partnership continued to gain momentum in its third phase (2010-12) with the inclusion of additional partners, such as Kuwait, the EBRD, and the Republic of Congo. This year marks the tenth anniversary of GGFR, a public-private partnership, which was launched in 2002 at the World Summit for Sustainable Development in Johannesburg. GGFR increases awareness of the challenges and opportunities for gas flaring reduction through various conferences, reports, its communication and outreach efforts. The GGFR’s work throughout the AFR, LAC, ECA, MENA and EAP regions is an effort to harness potential opportunities by reducing waste of a valuable resource and expanding access to cleaner energy, thus contributing to climate change mitigation and energy efficiency, and promoting sustainable development.

3.7 The flaring of gas adds some 360 million tons of carbon dioxide in annual emissions, roughly equivalent to the annual emissions from 70 million cars. The 140 bcm of gas flared

worldwide in 2011 is equivalent to almost 30 percent of the European Union's yearly natural gas consumption. Some flaring also emits black carbon, or soot.

3.8 Satellite data on global gas flaring, which is a joint effort between GGFR and the US National Oceanic and Atmospheric Administration (NOAA), show that overall efforts to reduce gas flaring are paying off. Flaring of gas associated with oil production has dropped worldwide by almost 20 percent: from 172 billion cubic meters (bcm) in 2005 to 140 bcm in 2011, according to latest satellite estimates. Satellite estimates also confirm a 15 percent drop in gas flaring intensity (ratio of gas flared to oil production volumes) since 2002. Gas flaring reductions since 2005 have cut greenhouse gas emissions by some 85 million tons of greenhouse gas emissions, a volume equivalent to that emitted by some 16 million cars.

3.9 Overall, Russia and Nigeria have seen the largest reductions, and there has been progress in Nigeria, Algeria, Mexico and Qatar. Latest data for 2011, however, also shows a two-billion cubic meter increase in flared gas over the previous year, which is a warning that efforts to reduce flaring need to be sustained and even scaled up. The slight increase in flaring from 138 billion cubic meters in 2010 to 140 bcm in 2011 is due largely to increased hydrocarbon production in Russia and shale oil and gas operations in the US state of North Dakota. The USA is now in fifth place in the world for flaring gas, with some 7.1 bcm of gas flared in 2011. Russia and Nigeria topped the list of flaring countries in 2011 followed by Iran and Iraq, Algeria, Kazakhstan, USA, Angola, Saudi Arabia, and Venezuela. Data shows that countries that are members of GGFR have been more effective in reducing their gas flaring intensity than non-members.

3.10 In this context, GGFR partners are preparing to scale up their flaring reduction efforts for the period 2013-2015, focusing on the development of the whole gas value chain, both upstream and downstream. One of the primary objectives is to further reduce flaring by opening up domestic gas markets, particularly to expand access to electricity and cleaner cooking fuels, as well as complement generation of renewable energy. GGFR's main work focuses on key anchor countries — Indonesia, Mexico, Nigeria, Iraq and Russia — and on activities in other countries of those regions that may directly lead to larger flare reduction projects or programs.

3.11 The work program includes policy and regulatory advice in high-impact countries; facilitation of dialogue between the government and operators in Nigeria (Nigeria Flare Reduction Committee), Qatar, Gabon, Azerbaijan and Kazakhstan; project development in Nigeria, Mexico, Russia, Indonesia, Kazakhstan, Uzbekistan, Iraq and Azerbaijan; and Country Implementation Plans/Associated Gas Recovery Plans assistance in Qatar, Uzbekistan, Kazakhstan, Gabon and Azerbaijan.

3.12 GGFR has established three new networks: one to examine technical issues that inhibit further flaring reductions; another on communications-related issues to encourage dissemination of success stories; and a third on the use of carbon finance to make gas flaring reduction projects more economically viable. The latter working group seeks to improve

methodological aspects that will allow more oil and gas projects to be registered under the Kyoto Protocol's Clean Development Mechanisms (CDM). The methodology group brings together representatives from the oil and gas industry, CDM project developers and international organizations.

Petroleum Governance Initiative (PGI)

3.13 The Petroleum Governance Initiative (PGI) is a collaborative effort between the government of Norway and the World Bank designed to achieve structured cooperation on petroleum sector governance issues. The total level of support from Norway to date is around US\$11.0 million. As agreed in the MOU, PGI is a medium- to long-term commitment, in the range of 3-5 years at minimum. PGI is based on the thematic pillars of Governance, Environment, Natural Gas, and Community Development (including through CommDev – see later), and works at both the global and country levels.

3.14 In light of the positive evaluation of the program in 2010, discussions were held with Norway on the structure of the next phase of funding for PGI. Following a series of consultations, the next phase of the program commenced in FY2012 for a further period of three years.

Extractive Industries – Technical Advisory Facility

3.15 To address developing countries' needs for real-time advisory assistance, in 2009 the WB's Sustainable Energy, Oil, Gas, and Mining Unit (SEGOM) established the Extractive Industries Technical Advisory Facility (EI-TAF). EI-TAF facilitates advisory services to address urgent needs for assistance in connection with prospective EI transactions, and for short-term capacity building related to associated policy reforms and frameworks. The ultimate objective of the EI-TAF is to assist countries in the sustainable development of the extractives sector, to facilitate private investment that is positive for development and to ensure that countries—and ultimately their citizens—benefit from the exploitation of their natural resources.

3.16 To date, the Facility has mobilized commitments of US\$26.9 million from a variety of donors, including Norway's Oil for Development Program (US\$3.1 million), Switzerland's State Secretariat for Economic Affairs (US\$1.2 million), the Canadian International Development Agency (US\$10.1 million), the Belgian Ministry of Development Cooperation (US\$0.9 million), the IFC (US\$5.0 million), and the World Bank's Development Grant Facility (US\$1.5 million).

3.17 There are currently eight country-specific projects in the EI-TAF portfolio: Liberia (US\$1 million), Rwanda (US\$350,000), Kyrgyz Republic (US\$500,000), Sierra Leone (US\$750,000), Pakistan (US\$500,000), Mexico (US\$500,000), Guinea (US\$500,000) Mozambique (US\$750,000), and Mauritania (US\$400,000). Additional requests for assistance from EI-TAF totaling approximately US\$3.1 million have been submitted for Guinea, Colombia, Pakistan, Seychelles, Yemen, and Kenya.

3.18 EI-TAF recognizes the benefits to be derived from collaborative partnerships that bring together a diverse cohort of thinkers, and is building a network of international research institutions within the oil, gas and mining industries called the "Global Knowledge Consortium. A key initiative in this respect, the EI Source Book (financed primarily by a World Bank Development Grant Facility of US\$1.5 million) was launched in September 2011. Tracking statistics show that in the 13 months since the site's launch, monthly bandwidth and the number of unique users (now >4,000 / month) has increased steadily. Bandwidth is now more than 800% up from the level of the final month of 2011 and the number of unique users is more than 150% up over the same time period as the website becomes more popular. In terms of developing countries, China recorded a month-on-month increase of >800% to become the dominant user. As of August 2012, eleven of the top twenty users are countries outside of the OECD; led by a strong emergence of the countries in the Middle East. The addition of dedicated space to the Africa Region, reinforced by an online mapping function, is expected to increase interest and use.

3.19 In partnership with the World Bank, the development of the Source Book has been led by the University of Dundee's Centre for Energy, Petroleum and Mineral Law and Economics, with strong support from the University of the Witwatersrand (South Africa), the University of Queensland (Australia), the French Institute of Petroleum, The African Center for Economic Transformation (ACET), Adam Smith International, The Extractive Industries Transparency Initiative, (EITI), ELLA Evidence and Lessons from Latin America, Global Witness, ICM, PACT, Revenue Watch, and The School of Public Policy at the University of Calgary. In 2012, the EI Source Book will go to the first print version with a run of 1,000 copies and will further expand and consolidate the Global Knowledge Consortium; develop new knowledge products on resource corridors, geo data, midstream gas issues, and artisanal and small scale mining; and develop a series of web-based platforms that will include regionally-specific content for Africa, Asia, Latin America, and other regions.

The Oil, Gas and Mining Sustainable Community Development Fund - CommDev

3.20 CommDev is a source of knowledge and funding for community development efforts linked to EI projects. It provides support to IFC clients to develop a strategic approach to community investment projects consistent with their business objectives (e.g. manage site-level social and environmental risks) and thereby promote local development. Its activities focus on: a) helping to ensure a community's capacity to participate and benefit from large scale development projects; b) building the capacity of local government and communities to manage revenues/taxes; c) increasing local content in supply chains; and d) disseminating good practices on community development. CommDev serves as an integral component of an extractive industry project, enhancing and accelerating support to communities above and beyond the compliance requirements of IFC investment projects and World Bank loans.

3.21 CommDev has supported important local revenue management and social accountability programs in Peru and Colombia, training 68 institutions to track extractive industry royalty flows to local governments. In Colombia, for example, the project helped to

restructure 18 long-term projects in five municipalities valued at US\$55 million: 22 percent of this investment went into the health care sector, with 159,686 people targeted; 41 percent went to education projects, with 25,405 people targeted; and 37 percent went to the water and sanitation sectors, with 154,181 people targeted.

3.22 In response to growing demand for community development guidance, CommDev has developed a web-based information clearinghouse, CommDev.org, which houses a selective group of public documents, tools, case studies, presentations and other resources produced by IFC and many other partners and organizations to guide companies in delivering shared value and enhancing benefits to local communities. Now in its 6th year, CommDev.org has become a "go-to" clearinghouse of information for development professionals working with high-impact, large footprint operations. The website was originally designed as a repository for information on community issues related to the extractives sector but is now also offering additional resources for agribusiness, forestry, and infrastructure. With over 2,000 visitors each day, 53 percent of them from developing countries, the website fosters the exchange of knowledge and practical experience on social, environmental, and economic development issues faced by the private sector as it engages with communities around the world.

Box 3: Guinea Supplier Development Program: Bridging the gap between small businesses and mining companies to increase local impact

The west African country of Guinea is one of the world's least developed nations despite abundant natural resources, including some of the world's highest quality iron ore reserves. Nearly half of the population lives below the poverty line. International mining company Rio Tinto is developing the Simandou iron ore project, the largest private sector investment in Africa as well as one of IFC's largest equity investments in the region. The project is expected to cost more than US\$10 billion and involve construction of a 700 km railway, a port, and a mine. It will substantially change the economic prospects of Guinea. Rio Tinto seeks to maximize its economic impact on local communities by developing its local supply chain. However, small local businesses lack technical and management skills, consistency in delivery, and understanding of international firms' requirements for health, safety, and environmental standards. Building the capacity-building of local small and medium enterprises (SMEs) is a key to opening up opportunities to them and helping transform Guinea's fledgling private sector.

IFC is working with Rio Tinto to ensure strong participation of local businesses in its supply chain by:

- Working with local SMEs to build their capacity and gain access to finance so they can participate in Rio's supply chain and those of other mining companies
- Working with local consulting firms and trainers to professionalize their tools so they can work with SMEs to develop their managerial skills as well as deliver much needed training on health, safety, and the environment. This is accomplished through IFC's Business Edge program - a training platform for SMEs.
- Developing local procurement policies and the "Guinea Buy Local program" to meet the government's requirements for more local sourcing in road maintenance, earthworks, catering suppliers, and transportation.
- Working with government officials, international donors, and the local Chamber of Mines, and other stakeholders in Guinea to develop the local supply chain.
- Developing a comprehensive database of local businesses who can become suppliers to mining companies. To date, over 700 local SMEs have been identified.

Impact and Results so far:

- Over US\$4.8 million in new contracts between local businesses and companies such as Rio Tinto, Guinea Alumina Corporation and BHP Billiton.
- Over 600 new jobs created in local businesses that became part of Rio Tinto's supply chain.
- 500 people received training by four local firms, using IFC's Business Edge training platform for SMEs.
- 102 local SMEs received individual coaching from IFC in financial management, marketing, and health and safety procedures.
- 83 SMEs received training in business plan development and access to finance through a program developed by IFC and BICIGUI, the local affiliate of BNP Paribas.
- A joint venture was established between a local SME and North Safety Products from South Africa, a manufacturer of personal protective equipment and uniforms. This grew out of an IFC study which identified 50 manufacturers in South Africa as potential partners to transfer know-how to local suppliers.
- 22 IFC information workshops for SMEs, were attended by over 500 people, including 123 women.
- A new business and training center for local SMEs was established by IFC and Rio Tinto in the city of Beyla. Similar centers are expected to be replicated in three other locations.

Gender Program

3.23 The World Bank's Oil, Gas and Mining Policy Division (SEGOM) has a steadily growing program on Gender and Extractive Industries. Gender is increasingly incorporated into SEGOM projects (Tanzania, Uganda, PNG, DRC, Malawi), into the assessments that are part of project preparation and implementation, into indicators, and into various project activities. In Papua New Guinea, for instance, gender has been integrated into the Bank's mining project, and the growing gender and EI program there has helped to mobilize funds from the Japan Social Development Fund, and through partnership with ExxonMobil to support gender and EI programs.

3.24 In addition to the SEGOM's operational work to incorporate gender into projects, SEGOM is also publishing numerous reports to create and share information on the gender dimensions of the extractive industries. In 2012, SEGOM published a toolkit on how to assess the gender dimensions of artisanal and small-scale mining, which had been developed through case work in Mozambique, Tanzania, and Lao PDR. A study is currently underway on the gender dimensions of the oil and gas sectors, including case studies in Papua New Guinea, Peru, and Azerbaijan; fieldwork has been completed, and the study will be available in late 2012. A third publication in 2012 included "Gender-Sensitive Approaches for the Extractive Industry in Peru," which presents a detailed look at the importance of ensuring positive development outcomes for women in mining areas. It also explores opportunities for all relevant stakeholders and suggests approaches that government, companies, civil society and communities can take to improve the impact of mining on women, thus bringing positive development outcomes to the wider family and community.

3.25 SEGOM has focused on exploring opportunities for collaboration around the social dimensions of extractive industries, including gender, and has made efforts to ensure that issues are treated with a coordinated multi-sectoral approach. During the World Bank Group's Sustainable Development Week, SEGOM organized a session on gender and community development and green growth in the energy and extractives sectors, as well as an internal training for SEGOM staff on gender mainstreaming in the extractive industries.

3.26 SEGOM maintains the Bank's Gender and EI website where its publications can be found along with updates on gender-related activities in EI, and a Gender and EI in the news section which presents related coverage from media around the world.

World Bank Institute: Governance for the Extractive Industries

3.27 World Bank Institute – Governance for Extractive Industries (GEI). The Governance for Extractive Industries (GEI) program, housed in the World Bank Institute, promotes transparency and accountability along the extractive industries value chain. GEI believes countries can have a brighter future through accountable and transparent use of extractive resources. Innovative

and collaborative approaches are essential to achieve lasting solutions. This is why GEI connects and empowers key stakeholders in extractive industries to jointly identify, prioritize, and implement actions designed to lead to better governance outcomes. The program seeks to build capacity, knowledge and networks through a collaborative model.

3.28 Recognizing the foundational importance of licenses and contracts for sector outcomes, GEI continues to support efforts for greater disclosure and monitoring of oil, gas and mining deals. In FY12, GEI, in coordination with a global working group of leading organizations in the field, completed an Extractive Industries Contract Monitoring Roadmap. This details a 9-step process from accessing contract information, to understanding their technical content, to collecting data to verify compliance with obligations, analyzing that data, and finally options for dealing with noncompliance and grievances. Emphasis lies on participatory monitoring systems—meaning systems where multistakeholders (particularly civil society) have an active role in tracking the enforcement of EI contracts.

3.29 The Roadmap is an important tool to support ongoing monitoring efforts at country level. In FY12, WBI supported three pilot projects of contract monitoring coalitions: (i) monitoring galamsey (artisanal) mining activities in Ghana; (ii) monitoring financial and local content obligations in the petroleum sector in Uganda; and (iii) monitoring community consultation obligations in the petroleum sector in Liberia. All these projects have been completed and a final report of key achievements and lessons learned will be shared in the first quarter of FY 13. In the broader context, extractive industries emerged as a priority sector within a new global effort, championed by multiple organizations, for Open Contracting i.e. enhanced transparency and monitoring of all public contracting and procurement.

3.30 Building on piloting efforts in FY11, GEI has continued exploring the role technology and interactive mapping can play in promoting transparency, accountability and participation in the extractives sector. Hosting and ownership of the online Extractive Industries Map of Ghana was transferred to a local Ghanaian organization housed at the University of Ghana, strengthening ties between the data providers and data users in the process. GEI is working with the World Bank country team in Mongolia to adapt this mapping to their extractives sector, an initial push as part of a larger open government data commitment in the country. GEI is also advising on several methods for using technology to enable citizens to monitor oil production impacts in the Western Region of Ghana, and linking these monitoring activities to the mapping work. More broadly, GEI has also been promoting consideration of extractive industries data in the larger open data movement and has been working with groups such as EITI on how to make their data more accessible and usable. The use of technology for promoting all of these efforts is clearly gaining momentum and the pilot efforts of the GEI program are playing a role in showing what might be possible as more and more data comes online.

3.31 The GEI program team is working actively with relevant WBG departments to improve knowledge management and capture lessons learned related to good governance. In this regard, GEI partnered with SEGOM and Partnership for Capacity Building in Africa (PACT) to design and organize the first Governance of Extractive Industries Innovation Series in the fall of

2011. The learning series highlighted the unique approaches external partners are using to address complex governance challenges, including innovative ways of promoting socially responsible mining and pioneering a new system for tracing 'ethical' gasoline. To complement, an internal case story competition also emphasized WBG leadership in bringing together multi stakeholders in resource-rich countries, promoting citizens' access to information on extractive industry laws and regulations and building awareness of the impacts of oil, gas and mining activity in local communities. These are now being expanded for publication. Highlights from all the projects were made available to a wider audience through the GOXI community of practitioners working on governance issues in the sector that continued to grow in membership and activity throughout the year (see GOXI.org)

IV. Other Developments

The Compliance Advisor/Ombudsman (CAO) and Inspection Panel⁶

4.1 In FY2012, the CAO received 5 new complaints relating to IFC extractive projects that it found eligible. Of these, three are still in the initial CAO assessment phase (Chad Cameroon 3, Eco-Oro, and Quelledveco) and one (Mindoro) is now under compliance appraisal. The BTC 33/Vale case found to be eligible in July 2011, was closed in January 2012 following a voluntary mediation process convened by the CAO. During the year, CAO concluded its compliance appraisal of Maple, Peru with the view that an audit was not warranted and closed the case. No new requests for inspection were received for extractive projects in FY12.

Publications

4.2 In FY2012, Bank staff published research and policy papers on EI-related issues. Select recent publications are available at www.worldbank.org/ogmc:

- Mining Community Development Agreements - Source Book (Boubacar Bocoum)
- Gender Dimensions of Artisanal and Small-Scale Mining A Rapid Assessment Toolkit (Adriana Eftimie, Katherine Heller, John Strongman, Jennifer Hinton, Kuntala Lahiri-Dutt, Nellie Mutemeri)
- Increasing Local Procurement (Mining Industry in West Africa)
- Gender-Sensitive Approaches for the Extractive Industry in Peru (Bernie Ward, John Strongman, Adriana Eftimie and Katherine Heller)

⁶ For more information about the CAO and Inspection Panel see:

<http://www.cao-ombudsman.org/>

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,menuPK:64132057~pagePK:64130364~piPK:64132056~theSitePK:380794,00.html>

- The Role of Liquefied Petroleum Gas in Reducing Energy Poverty (Masami Kojima)
- Mineral Resource Tenders and Mining Infrastructure Projects Guiding Principles (Michael Stanley and Ekaterina Mikhaylova)

V. ANNEXES

Annex A: EITI Technical Assistance Work Program - Country Portfolio Summary

Shows MDTF FY12-13 work program including MDTF grants to countries. EITI validation status and implementation stage shown in shaded columns ^{1/}

As of August 6, 2012

Countries which are implementing EITI (or have endorsed EITI publicly) of which:					In dialogue
EITI-compliant ^{1/}	EITI candidate ^{1/}				
Implementing EITI (Validated as compliant and issuing EITI Reports) (15 countries)	Implementing EITI (to the stage of having published one or more EITI Reports – and validation process done or underway) (15 countries)		EITI implementation in progress (working towards their first EITI Report) (6 countries)	Have endorsed EITI (with some making progress towards candidate status) (14 countries)	Pipeline countries that WBG / other agencies are in contact with (15 countries)
<i>Azerbaijan</i>	Cameroon *	Cote d'Ivoire *	Afghanistan *	<i>Botswana</i>	Malawi
Liberia *	<i>Gabon</i>	DR Congo *	Chad (<i>via SwissAid</i>) *	Ethiopia	Rwanda
Timor Leste *	Guinea *	Sierra Leone *	Indonesia *	South Sudan	South Africa
Mongolia *	Kazakhstan *	Madagascar *	Togo *	Equatorial Guinea	Zimbabwe
Ghana *		Tanzania *	Sao Tome e Prin.		Senegal
					Uganda
Central African Rep *	Rep of Congo *	Zambia *		Papua New Guinea +	
Kyrgyz Republic *		Albania *		Solomon Islands +	Lao PDR
Niger *		Burkina Faso *	Recent candidacy (2011):	Philippines	Cambodia
Nigeria *			Guatemala *		Vietnam
<i>Norway</i>		Iraq *	Trinidad & Tobago *	Ukraine	
Yemen *				Tajikistan +	Armenia
					<i>Bulgaria</i>
Mali *				Dominican Republic +	Colombia
Mauritania *				Guyana	Egypt
Peru *				Suriname	Libya
Mozambique					Brazil
				Tunisia	
					Orissa State, India
By WBG Region:					
AFR - 7 countries		AFR - 12 countries	AFR - 2 countries	AFR - 5 countries	AFR - 6 countries
EAP - 2		EAP -	EAP - 1	EAP - 3	EAP - 3
ECA - 2		ECA - 2	ECA -	ECA - 2	ECA - 2
LAC - 1		LAC -	LAC - 2	LAC - 3	LAC - 2
MNA - 1		MNA - 1	MNA -	MNA - 1	MNA - 2
SAR -		SAR -	SAR - 1	SAR -	SAR - 1
OECD - 1		OECD -			

^{1/} = by decision of EITI Board, as reflected on International EITI web site. Candidate countries required to complete validation process (for EITI-compliant status) within timeline specified by the EITI Rules.

^{2/} = Sao Tome e Principe and Equatorial Guinea, previously EITI candidate countries, were delisted from EITI effective April 16, 2010 – but now have resumed the EITI work needed to apply for new candidacy.

^{3/} = The EITI status of these is that of "EITI-compliant – Suspended" and "EITI candidate – Suspended" respectively, for the country-specific reasons and for duration as indicated by the EITI Board decisions.

MDTF grant status to country (countries in *italics* are shown for completeness - no EITI MDTF-related technical assistance /grant yet (but other WBG departments do engage with this country including on EITI)

* = EITI MDTF grant to country in place and under execution

** = EITI MDTF grant to country in process through WB Legal Dept. and Accounting Dept. etc – i.e. request for TF grant received and trust fund agreement in progress (to be signed in next 1-3 months)

+ = Active pipeline – working towards EITI candidacy. MDTF grant proposal activities will only then be agreed (i.e. MDTF trust fund grant agreement not likely for next 6 months or more)

Attachment for information: Extractive resource-rich countries ^{1/} not yet part of EITI (January 31, 2012)

	GNI / capita US\$	IBRD/IDA	HIPC	Hydrocarbon- Rich country ^{1/}	Mineral- Rich country ^{1/}
<i>High income countries</i>					
Bahrain	19,350			X	
Brunei Darussalam	26,930			X	
Kuwait	31,640			X	
Qatar				X	
Saudi Arabia	15,440			X	
United Arab Emirates	26,210			X	
<i>Upper Middle income</i>					
Chile	8,350	IBRD			X
Libya	9,010	IBRD		X	
Mexico	8,340	IBRD		X	
Oman	11,120	non-OECD		X	
Russia	7,560	IBRD		X	
Venezuela	7,320	IBRD		X	
<i>Lower Middle income countries</i>					
Algeria	3,620	IBRD		X	
Ecuador	3,080	IBRD		X	
Iran	2,680	IBRD		X	
Syria	1,760	IBRD		X	
Bolivia	1,260	Blend	X	X	
Jordan	2,850	IBRD			X
Namibia	3,360	IBRD			X
<i>Low-income countries</i>					
Turkmenistan	650	IBRD		X	
Uzbekistan	730	Blend		X	X

Income classification:

High Income countries, per capita income between US\$11,456 and more

Upper Middle income countries, per capita income between US\$3,706 and US\$11,455

Lower Middle-income countries, per capita income between US\$936 and US\$3,705.

Low-income countries, per capita income of less than US\$935

^{1/} Source: IMF 2007 "Guide on Resource Revenue Transparency" as an indication of the "universe" of resource-rich countries. Countries are considered rich in hydrocarbons and/or minerals if have an average share of fiscal revenues from those sectors of at least 25% during the period 2000-2005 or an average share of sector export proceeds of at least 25% of total exports.

Annex B: World Bank Group Extractive Industries Financing, FY2012

IFC EXTRACTIVE INDUSTRIES FINANCING

TABLE 1: IFC OIL & GAS FINANCING, FY2012

COUNTRY/REGION	COMPANY	PROJECT	US\$M	DESCRIPTION
Albania	Bankers Petroleum Ltd.	Bankers Petroleum	25.00	Development and production of the company's primary asset, the Patos Marinza heavy oilfield.
Argentina	Medanito, S.A.	Medanito SA	24.00	To further develop Medanito's exploration and producing assets
Côte d'Ivoire	Rialto Energy Ltd	Rialto Energy	10.84	Appraisal and exploration, the project consists of drilling two wells and one exploration well.
East Asia and Pacific Region	Salamander Energy Plc.	Salamander Rights Issue	5.70	The project supports the drilling of new wells in existing fields, the selective workover of existing wells and the construction of gas processing facilities and other field infrastructure in Indonesia and Thailand.
Ghana	Kosmos Energy Finance International	Kosmos Energy II	67.00	Development of the recently discovered Jubilee oil field offshore Ghana
Ghana	Tullow Oil Plc	Tullow II	50.00	Development of the recently discovered Jubilee oil field offshore Ghana
MENA Region	Kuwait Energy Plc.	KEC Expansion	75.00	Partial refinancing of the company's existing debt; continuation of existing exploration, development and production activities.
Tunisia	Candax Energy Inc.	Candax	9.53	To prolong the life of mature fields which, given their marginal nature, would otherwise see production decline quickly.
TOTAL IFC OIL & GAS FINANCING			267.07	

TABLE 2: IFC MINING FINANCING, FY2012

COUNTRY/ REGION	COMPANY	PROJECT	US\$M	Type of Mineral	DESCRIPTION
Argentina	Regulus Resources Inc.	Regulus	0.74	Copper	Exploration drilling, environmental and social studies and technical and economic assessments
Armenia	Lydian International Ltd.	Lydian Subscription Rights	1.95	Gold	Exercise of subscription rights in an equity investment to support ongoing exploration and feasibility study work.
Brazil	MBAC Fertilizer Corp	Itafos	37.50*	Other	Exploration, mining and processing of phosphate rock which will serve as the main feedstock to the Single Super Phosphate fertilizer plant
Burkina Faso	Gryphon Minerals	Gryphon RI-3	2.99	Gold	Exercise of subscription rights in an original equity investment to finance on-going exploration & feasibility study work at the Banfora Gold Project.
Cote d'Ivoire	Sama Resources Inc	Sampleu Nickel	1.22	Nickel	Early stage exploration with an initial strategy to first build a small operation to produce nickel and copper concentrate.
Ethiopia	Allana Potash Corp	Dallol Potash II	1.31	Other	Equity investment to help finance exploration program, which includes drilling and core sampling, preparation of a feasibility study and an Environmental & Social Impact Assessment report.
	Nyota Minerals Ltd	Tulu Kapi	2.02	Gold	Equity investment to support further exploration drilling; completion of a scoping/pre-feasibility study; and preparation of environmental and social impact assessments.
Guinea	SIMFER S.A.	Simandou III	150.00	Iron	Completion of a Preliminary Engineering Assessment, Definitive engineering, early construction works for formal decision to proceed with full development.
Morocco	Kasbah Resources Ltd	Achmmach Tin	3.72	Other	Equity investment to support underground drilling and exploration, feasibility studies and environmental and social impact assessments; and general exploration and working capital.
Mozambique	Baobab Resources UJV	Baobab UJV	1.03	Iron	On-going exploration of mineral resources properties and feasibility study work
Peru	Anglo American Quellaveco S.A.	AAQSA RI 3, 4, 5	11.90	Copper	Additional equity finance to support the completion of a revised feasibility study and other pre-development expenditures.
Philippines	Mindoro Resources Ltd	Mindoro Priv PI	0.59	Gold	Equity investment to support drilling, feasibility and other studies, and exploration activities for Mindoro Resource's nickel, copper and gold prospects.
Tanzania, United Republic of	African Eagle Resources	Dutwa Nickel – 1	4.84	Nickel	Completion of a full project feasibility study to confirm the commercial viability of Dutwa.
		Dutwa Nickel – 2	2.08	Nickel	
	Helio Resource Corp	SMP Gold II	1.71	Gold	Exploration and development of gold and base metal deposits. Helio is seeking IFC's engagement to help finance the Company's exploration activities in line with industry best practice in environmental and social sustainability.
TOTAL IFC MINING FINANCING			223.50		

* Excludes 50% allocated to chemicals component

TABLE 3: IBRD/IDA MINING PROGRAM FINANCING – FY2012

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
IBRD*	Armenia	Third Development Policy Operation	Mining	10.40	To improve regulatory and investment environment as well as governance of the mining sector with the objective of strengthening competitiveness.
IDA	Cameroon	Cameroon Mining Sector Technical Assistance Project	Mining	15.00	To improve the efficiency and transparency of mining sector management and the framework for sustainable mining development.
	Kyrgyz Republic	Economic Recovery Support Operation	Mining	1.50	To support policy actions aimed at stabilizing the economy, strengthening governance and safeguarding social protection.
	Sierra Leone	Fifth Governance Reform and Growth Credit	Mining	0.96	To provide support to the Government's budget in order to support sustainable development in the context of Sierra Leone's Poverty Reduction Strategy.
	Tajikistan	Private Sector Competitiveness	Mining	0.30	To remove key constraints to business development and investment by encouraging development of the mining industry, where Tajikistan has a competitive advantage.
TOTAL IBRD/IDA MINING PROGRAM FINANCING				28.16	

* Including Blend countries

Note: Many IBRD/IDA financings are multi-sector and financing allocation to specific sub sectors in some cases may be nominal. Only financing with identifiable extractive industry components are included above.

TABLE 4: IBRD/IDA MINING PROJECT FINANCING THROUGH GRANTS – FY2012

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
Grants	Afghanistan	Extractive Industries Transparency Initiative (EITI) Implementation	Mining	0.14	To help support EITI implementation
	Albania	Second MDTF to support EITI Implementation	Mining	0.11	To support Albania EITI to become successfully validated and fully EITI compliant.
	Democratic Republic of Congo	Country Governance and Anti Corruption Program Implementation in DRC	Mining	0.675	To support implementation of mining sector reform
	Ethiopia	Support to Artisan Miners (JSDF)	Mining	3.00	To reduce the poverty of artisan and small-scale mining communities through the provision of training and small credit facilities.
	Ghana	Ghana EITI – Post Compliance I	Mining	0.20	To support governance and transparency in extractive industries management in Ghana.
	Guatemala	EITI Implementation	Mining	0.30	To help support EITI implementation
	Guinea-Bissau	Extractive Industries Sectors Technical Assistance	Mining	3.20	To build the institutional foundation for transparent, socially inclusive, and environmentally sustainable management of the emerging extractive industries sectors.
	Mongolia	Post Compliance I	Mining	0.25	To further develop and institutionalize the EITI initiative.
		Strengthening governance across the mining value chain by promoting broader and more informed public accountability	Mining	1.2	To increase awareness of policy trade-offs by government, parliament, and civil society, and strengthen indigenous capacity for mining policy analysis.
	Mozambique	EITI Implementation – Phase II	Mining	0.17	To ensure increased transparency of payments and revenues from the mining, oil and gas sectors and to support Mozambique in reaching EITI compliant status
	Sierra Leone	Artisanal Mining Community Development and Sustainable Livelihoods	Mining	1.16	To introduce environmental/social best practices in small-scale mining and support transition to more sustainable livelihoods.
	Tanzania	EITI Implementation – Phase II	Mining	0.35	To strengthen EITI implementation in Tanzania.
	Zambia	Governance Partnership Facility Zambia: EITI Implementation	Mining	0.77	To recruit specialists in mining taxation, audit and reporting to improve transparency in the accounting and management of copper revenues
TOTAL IBRD/IDA MINING GRANT FINANCING				11.53	

Note: Many IBRD/IDA financings are multi sector and financing allocation to specific sub sectors in some cases may be nominal. Only financing with identifiable extractive industry components are included above. Grants for EITI implementation are used both for the mining and oil/gas sector in some countries.

TABLE 5: IBRD/IDA OIL AND GAS PROGRAM FINANCING – FY2012

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
	IBRD OIL & GAS PROGRAM FINANCING			0.00	
IDA	Burundi	Fifth Economic Reform Support Grant	Oil and gas	4.20	To continue supporting the government with reforms in the domestic petroleum sector
	Cote d'Ivoire	Post-conflict Reconstruction and Recovery Grant (PCRRG)	Oil and gas	10.50	To support essential reforms improve governance, transparency and efficiency in energy sector, among other sectors.
	Ghana	Poverty Reduction Support Credit (PRSC-8)	Oil and gas	25.00	Support the continuation and deepening of the policy reforms initiated in 2009 and prepare the country for the oil era.
	Mozambique	Eighth Poverty Reduction Support Credit (PRSC8)	Oil and gas	8.80	To strengthen economic governance systems and private sector development in order to achieve broad based growth for poverty reduction.
	Tonga	Economic Recovery Operation	Oil and gas	1.26	To implement key aspects of its medium-term reform agenda, while providing a predictable flow of resources in a challenging fiscal environment.
	Vietnam	Poverty Reduction Support Credit 10		7.50	The proposed operation comprises policy actions in areas such as state sector reforms, financial sector reform, public financial management, the social sectors, environment, public administration and governance.
	TOTAL IBRD/IDA OIL & GAS PROGRAM FINANCING			57.26	

TABLE 6: IBRD/IDA OIL AND GAS PROJECT FINANCING THROUGH GRANTS – FY2012

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
Grants	Afghanistan	Extractive Industries Transparency Initiative (EITI) Implementation	Oil and gas	0.14	To support EITI implementation.
	Congo, Republic of	Extractive Industries Transparency Initiative	Oil and gas	0.35	To further develop and institutionalize the EITI initiative.
	Ghana	EITI – Post Compliance I	Oil and gas	0.20	Support governance and transparency in the extractive industries management in Ghana.
		Social accountability for inclusive and transparent governance	Oil and gas	1.1	To test and/or consolidate comprehensive approaches to social accountability, harnessing knowledge from other projects.
	Mozambique	Phase II of EITI Implementation	Oil and gas	0.18	To ensure increased transparency of payments and revenues from the mining, oil and gas sectors in Mozambique.
	Nigeria	Strengthening Sector Governance and Promoting Partnership in Service Delivery	Oil and gas	0.55	To improve skills and capacity for tracking of revenues, production and other operational
		Improving Economic Governance in Nigeria	Oil and gas	5.2	To increase disclosure, transparency and accountability in the oil sector and public financial management as well as to increase engagement of citizens in the core Niger Delta States
	Trinidad and Tobago	EITI Implementation	Oil and gas	0.33	To support EITI implementation.
	Uganda	Support for the Uganda Petroleum Institute	Oil and gas	1.18	To support UPIK in achieving its long-term mission to develop workforce capacity for the oil industry.
		Uganda Country Assistance Strategy (CAS) Implementation: Repositioning the Bank's role on Governance	Oil and gas and mining	0.42	To finance exchanges and peer-learning with countries that have faced governance challenges.
TOTAL IBRD/IDA GRANT OIL & GAS FINANCING				9.65	

Note: Many IBRD/IDA financings are multi-sector and financing allocation to specific sub sectors in some cases may be nominal. Only financing with identifiable extractive industry components are included above. Grants for EITI implementation are used both for the mining and oil/gas sector in some countries.

MIGA EXTRACTIVE INDUSTRIES FINANCING

TABLE 7: MIGA EXTRACTIVE INDUSTRIES FINANCING, FY2012

COUNTRY	PROJECT	SECTOR	GROSS EXPOSURE (US\$M)	DESCRIPTION
Uzbekistan	Lukoil Overseas Uzbekistan	Oil and Gas	119.5	Development of gas field
TOTAL MIGA EI FINANCING			US\$119.5	

Annex C: Summary of Expected Development Impact of IFC Projects, FY2012

OIL AND GAS PROJECTS

Bankers Petroleum LTD., (ALBANIA) – Bankers Petroleum Project

Bankers Petroleum Ltd. is a Canadian-based oil and gas exploration and production company, exclusively focused on Albania. The Company's primary asset is the Patos Marinza heavy oilfield, in which it holds a 100% interest and right to full operatorship as it gradually takes over the field from Albpetrol, the Albanian national oil company in the next few years. Bankers has also acquired 100% interest in a nearby oilfield, Kucova. Bankers has invited IFC and the European Bank for Reconstruction and Development to provide a financing package to help finance the development of its Albanian assets, and in particular, the Patos Marinza development plan. The Project is expected to help develop domestic energy resources, attract foreign direct investment, contribute to government revenues, develop local skill and transfer technology.

Medanito, S.A., (ARGENTINA) – Medanito SA Project

Medanito S.A. is a mid-size Argentinean company active in oil and gas exploration and production, liquefied petroleum gas production, and natural gas treatment services. The project will lead to further exploration, appraisal and development of primary energy sources in Argentina. The project is expected to increase the supply of hydrocarbons, particularly natural gas, which will help mitigate Argentina's dependence on gas imports and contribute to one of WB's strategic pillars of transitioning to a low carbon economy. The project will result in increased sales of natural gas, LPG, and crude oil and contribute to government revenues. By extending the life of the Company's reserves, the project will help to secure direct and indirect jobs in the Provinces of Neuquen and Rio Negro. The project will also have an impact on regional economic activity through local purchasing.

Rialto Energy Ltd., (CÔTE D'IVOIRE) – Rialto Energy Project

Rialto is an exploration and production company, focusing mainly on West Africa, with interests in Cote d'Ivoire and Australia. The CI-202 block offshore Cote d'Ivoire is a key asset of Rialto Energy Ltd., in which it has an 85 percent working interest and is also the operator. On CI-202, two main hubs (Gazelle and Hippo) have been identified based on previous drilling and 3D seismic. The project consists of drilling 2 wells on the Gazelle area and one exploration well on a prospect in the Hippo cluster. The success of this appraisal and exploration drilling will allow the company to make the final investment decision to proceed with the field development as agreed with the Government of Cote d'Ivoire. Once developed, hydrocarbon production from the field, particularly gas from Gazelle, will help address significant shortages of gas supply in order to serve the country's power needs.

Salamander Energy Plc., (EAST ASIA AND PACIFIC REGION) – Salamander Rights Issue

Salamander Energy plc is a rapidly-growing junior oil and gas company exclusively focused on Southeast Asia. Since its foundation in early 2005, Salamander has developed a broad set of assets, including producing and near-production interests in Indonesia and Thailand as well as exploration and appraisal properties in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines. The Project will support the drilling of new wells in existing fields, the selective work-over of existing wells and the construction of gas processing facilities and other field infrastructure in Indonesia and Thailand. The increased availability of natural gas will promote the use of a cleaner fuel, with much lower carbon emissions than coal, which is frequently the alternative fuel for power generation in Southeast Asia.

Kosmos Energy Finance International, (GHANA) – Kosmos Energy II Project

Kosmos Energy is an oil exploration and development company, listed in the New York Stock Exchange ("NYSE"). Kosmos' current asset portfolio includes world-class discoveries and exploration prospects in Ghana, as well as exploration licenses with significant hydrocarbon potential in Cameroon and Morocco. The key elements of Kosmos' business plan are: to complete the development of the Jubilee oil field in Ghana which commenced oil production on November 28, 2010; and to complete the appraisal and development of its other hydrocarbon discoveries offshore Ghana. The development impact of the Jubilee project includes the generation of substantial revenues for the Government, stimulation of local economic activity and development of domestic energy sources, promotion of foreign direct investment and the region. The project will ultimately enable the production of gas

equivalent to over 50% of power in Ghana today and by helping expand the universe of lenders active for operators in the West Africa region, the project may also play an important market-building role.

Tullow Oil Plc, (GHANA) – Tullow II Project

The project involves the first phase of development of the Jubilee oil field offshore Ghana. IFC has been requested to separately provide financing to each of the borrowing companies, Kosmos Energy Holdings and Tullow Oil Plc. Tullow is a growing independent oil and gas exploration and production company headquartered in London.

Kuwait Energy Plc., (MENA REGION) – KEC Expansion Project

Kuwait Energy is an oil and gas exploration and development company focused on the MENA region. The proposed investment by IFC will fund: i) the partial refinancing of the Company's existing debt, ii) the continuation of existing exploration, development and production activities in Egypt, Ukraine and, potentially, Russia; iii) general corporate purposes; and capital expenditures in other jurisdictions as expressly approved by IFC. The Project will lead to further exploration, appraisal and development of domestic oil and gas resources in Egypt, Ukraine and Russia, and help reduce the country's dependence on imports.

Candax Energy Inc., (TUNISIA) – Candax Project

Candax Energy Inc. is a small independent oil and gas company mainly focused on Tunisia. Candax seeks to raise funds in order to finance its investment program in Tunisia which aims to enhance production from its mature asset base by improving reservoir understanding, drilling new wells, and executing other recovery techniques. The Project involves investments aimed at prolonging the life of mature fields which, given their marginal nature, would otherwise see production decline quickly and be abandoned within the next few years. Tunisia currently has a negative energy account trading balance. Production from the project will help alleviate the energy trade deficit and raise foreign exchange earnings. In addition, the project will contribute to government revenues, to the preservation and creation of employment, and to generating additional business for local and national suppliers.

MINING PROJECTS

Regulus Resources Inc. (ARGENTINA) – Regulus Project

Regulus Resources Inc. is a Canadian exploration company currently solely focused on the Rio Grande copper-gold exploration property located in Salta Province, Argentina. The current project activities include mainly exploration drilling, environmental and social studies and technical and economic assessments. The proposed investment will be made before the completion of a full project feasibility study that would confirm the commercial viability of the Rio Grande project. Development impacts from exploration activities are typically limited but they nonetheless create some local employment. Should Rio Grande be developed into a commercial mining operation, significant development impacts are likely to be realized during the construction and production phases, including employment opportunities, tax revenues and foreign exchange contribution to the national economy, purchase of local goods and services and associated economic development.

Lydian International Ltd.. (ARMENIA) – Lydian Int FSOpt Project

Lydian is a junior exploration mining company focused on finding, acquiring and developing prospective assets in countries in Eastern Europe and Central Asia. IFC is exercising its subscription rights to finance continued exploration and feasibility study work with respect to mineral resource properties in Armenia. In the event of mine development, the expected development benefits of the project would include setting an example for other foreign mining companies to follow Lydian's lead, thereby expanding the country's mining potential. Should a mine be developed, the Armulsar project would produce taxes and royalties and generate positive foreign currency flows for Armenia. It would also help to revitalize an economically depressed area, formerly a center of mining and industry, bringing skilled jobs to workers trained in the sector.

MBAC Fertilizer Corp. (BRAZIL) – Itafos Project

MBAC is an integrated fertilizer company which is currently developing its main asset, Itafós, located in the state of Tocantins, central Brazil. The project consists of exploration, mining and processing of phosphate rock which will serve as the main feedstock to the Single Super Phosphate fertilizer plant that will be built. The SSP plant will process beneficiated rock which will be sold to farmers and fertilizer distributors in the nearby and expanding agricultural region of the Cerrado. The project will support the further intensification and expansion of agricultural production in North Eastern Brazil, the Cerrado, by making available SSP fertilizer closer to market. Given Brazil's already important role in supplying global agricultural markets and its significant potential for converting soil into arable land, the further development of the Cerrado plays an important role in promoting global food security, to which this project is making a contribution.

GRYPHON MINERALS, (BURKINA FASO) – Gryphon RI-3 Project

Gryphon is an Australian-listed, publicly-traded company with a focus on Burkina Faso, where it has been engaged in minerals exploration since 2005. After an initial equity investment by IFC to support minerals exploration, a pre-feasibility study, and initial Environmental and Social Impact Assessment studies, IFC participated in a rights offering to fund additional exploration and studies at Banfora Gold Project. IFC's involvement in Burkina Faso's growing mining sector will have an important demonstration effect in terms of setting environmental and social standards as well as transparency standards. In addition, IFC involvement in the sector could assist in establishing some benchmarks on sustainable resource development.

SAMA RESOURCES INC. (COTE D'IVOIRE) – Sampleu Nickel Project

Sama Resources Inc.'s objective is to build a successful exploration and mining company in Côte d'Ivoire. Sama's strategy is to first build a small operation to produce nickel and copper concentrate. This is an early-stage, exploration project in a post-conflict, IDA country. During exploration and prior to commercial resource discovery, the project will have limited development impact. Nonetheless, even at its early stage, the project provides local permanent employment to 35 people in an area with no formal employment opportunities and poverty levels of 80%. Should exploration lead to mine development and production, the developmental impacts will be notable. Key expected benefits will include taxes and other payments to government, the generation of direct employment and indirect jobs through linkages into the community as well as the improvement of local transportation and other infrastructure that will support local economic development. Successful resource discovery and development are also likely to attract more foreign investment into the sector.

ALLAN POTASH (ETHIOPIA) – Dallol Potash Project

Allana Potash Corp is exploring for potash on three contiguous licenses located in the Danakil Depression. IFC is a strategic partner and is providing equity to help finance the exploration program over the next two years, which includes drilling and core sampling, preparation of a feasibility study and an Environmental and Social Impact Assessment (ESIA) report. The Project is located in an underdeveloped part of the country; should it transition to a full operating mine it will likely contribute significantly to the area's development through generation of employment, improved infrastructure access, stimulation of local development through purchase of local goods and services, payments to government in the form of royalties and taxes; and improving the inflow of foreign currency to the government.

NYOTA MINERALS LTD. (ETHIOPIA) – Tulu Kapi Project

Nyota Minerals Ltd. is a mineral exploration company with exploration properties in Ethiopia and Burundi. Nyota's most advanced exploration target is the Tulu Kapi gold project, located in western Ethiopia. It is the company's intent to progress Tulu Kapi to the mine development phase. Nyota sought IFC's engagement as a strategic partner to help develop Tulu Kapi in line with industry best-practice in environmental and social sustainability. IFC's equity investment is supporting continued exploration activities, scoping studies, environmental and social impact assessments, and providing working capital. Should the project move to a fully operating mine, it promises to generate notable developmental benefits both for the country as a whole and particularly for the area around the mine, which is located in an underdeveloped part of the country.

SIMFER S.A., (GUINEA) – Simandou III Project

The Simandou iron ore project is located in South-east Guinea, approximately 600km from the Guinean coast. The current phase of the project entails the completion of a Preliminary Engineering Assessment, Definitive Engineering, early construction works and advance ordering of long lead items, and culminating in the formal decision to proceed with the full development of the operation. At full production, the Simandou iron ore project will be the largest mining and commercial project in the country and will make a large direct positive contribution to Guinea's economy for decades. The Simandou infrastructure, particularly the rail, will open up the east of the country to new private sector development opportunities. In addition, the project will be the first of several large projects and will set key benchmarks going forward in terms of standards of operation and E&S management. Simandou's infrastructure could in the future be shared on a commercial basis with other emerging iron ore operations in the region.

KASBAH RESOURCES LIMITED (MOROCCO) - ACHMMACH TIN Project

Kasbah Resources Limited is a junior mining exploration company with a focus on Morocco and is listed on the Australian Stock Exchange. Its prime exploration target is the hard rock Achmmach Tin prospect, located on the Western edge of the El Hajeb province. IFC's investment will support underground drilling and exploration, feasibility studies and environmental and social impact assessments, and meet general exploration and working capital needs. The project is located in an underdeveloped part of the country outside of key commercial centers and will likely contribute significantly to the area's development should it transition into a full operating mine.

BAOBAB RESOURCES UJV (MOZAMBIQUE) – Baobab UJV Project

Baobab Resources Plc is a London-based junior exploration company focused on exploring and developing a variety of mineral deposits in Mozambique. IFC investment will support ongoing exploration and future feasibility study work. This is an early stage investment preceding a commercial resource discovery. The anticipated development impacts of this project, should it move to production, will include taxes, dividends and royalties paid to the government and generated foreign currency flows, increased local employment and sourcing, know-how transfer of best practice in management, environmental and social compliance and community development. In addition, IFC's involvement will complement WBG's policy work with the Mozambique government to develop the mining sector in a sustainable and transparent manner.

ANGLO AMERICAN QUELLAVECO S.A. (PERU) –AAQSA Rights Issue III, IV, V

IFC was a shareholder in AAQSA, from 1993. Anglo American is the major shareholder and sponsor of a large potential copper mine located in the south of Peru close to the Chilean border. In FY2011, IFC was requested to provide additional equity financing for the project. The eventual development of the Quellaveco mine will create significant economic benefits and opportunities for employment, fostering supply chain development and

community investment programs in Peru. Subsequent to its investment IFC has disposed of the whole of its investment in the company.

MINDORO RESOURCE (PHILIPPINES) – Mindoro Project

Mindoro Resources Ltd. is a junior mining exploration company focused on the Philippines and is dual listed on the Toronto and Frankfurt Stock Exchanges. The objective is to build a successful exploration and mining company in the Philippines with focus on nickel, copper and gold. IFC equity investment will support Mindoro's resource drilling, feasibility and other studies, and exploration activities for its nickel, copper and gold prospects. The project is located in an underdeveloped frontier region. It is outside of key commercial centers and will likely contribute notably to the area's development should it transition into an operating mine.

AFRICAN EAGLE RESOURCES. (TANZANIA, UNITED REPUBLIC OF) – Dutwa Nickel - 1, Dutwa Nickel - 2 Projects

African Eagle Resources is a junior mining company with several exploration properties in Tanzania and Zambia. Its main focus is the advanced stage Dutwa nickel laterite project in north central Tanzania. The proposed investment will contribute to the completion of a full project feasibility study to confirm the commercial viability of Dutwa. Thus IFC's current investment will be used for further exploration and studies, and not for the development of a mine. Development impacts from exploration activities are typically limited and at this stage mainly restricted to local employment. IFC's engagement will also help AFE develop the project in line with industry best practices in environmental and social sustainability.

HELIO RESOURCE CORP. (TANZANIA, UNITED REPUBLIC OF) – SMP Gold II Project

Helio Resource Corp is a Vancouver-based mineral exploration company focused on exploring and developing gold and base metal deposits. SMP Gold is Helio's main project. Helio is seeking IFC's engagement to help finance the Company's exploration activities in line with industry best practice in environmental and social sustainability. A successful exploration could have considerable demonstration effects and help the development of a new gold district in Tanzania with the potential of spurring economic growth in the south through infrastructure development and employment generation.

Annex D: Summary of Objectives of IBRD/IDA EI Projects, FY2012

MINING PROJECTS

IBRD FINANCING

Armenia

The *Third Development Policy Operation* in Armenia supports the government's two strategic objectives: (i) addressing vulnerability by protecting the poor and supporting human capital development; and (ii) strengthening competitiveness for sustained post-crisis growth by providing a more favorable private sector environment and strengthening governance. Specifically, the operation focuses on improving the business climate for SMEs, modernizing the regulatory framework for mining and telecommunications, reducing compliance cost for tax and customs administration, and enhancing the enforcement powers of the State Commission for the Protection of Economic Competition. Key outcomes include better governance and an improved investment environment for the mining and telecom sectors.

IDA FINANCING

Cameroon

The *Cameroon Mining Sector Technical Assistance Project* is to improve the efficiency and transparency of mining sector management and the frameworks for sustainable mining development.

Kyrgyz Republic

The *Economic Recovery Support Operation (ERSO)* supports policy actions aimed at stabilizing the economy, strengthening governance and safeguarding social protection. These areas are rooted in the government's near term priorities and medium term vision, and are critical for improving private sector confidence and reviving the economy. The reform program supported by ERSO has been implemented satisfactorily and development objectives have been achieved. The ERSO is expected to be followed by a programmatic series of multi-year development policy operations subject to continued fiscal consolidation, macroeconomic stability, and implementation of medium term structural reforms centered on governance and other relevant areas.

Sierra Leone

The proposed *Fifth Governance Reform and Growth Credit* will provide quick disbursing support to the Government's budget in a single tranche. The proposed operation will support sustainable development in the context of Sierra Leone's Poverty Reduction Strategy, following the Second and Third Governance Reform and Growth Grant. The grant complements similar support provided by the African Development Bank, Department for International Development (DfID) and European Commission (EC).

Tajikistan

The development objective of the *Private Sector Competitiveness* project is to remove key constraints to business development and investment by: (i) simplifying business registration and construction permitting processes; (ii) improving regulations and infrastructure underlying access to financial services; and (iii) encouraging development of the mining industry, where Tajikistan has a competitive advantage.

FINANCING THROUGH GRANTS

Afghanistan

Extractive Industries Transparency Initiative Implementation: To help support EITI Implementation.

Albania

Second MDTF to support EITI Implementation: To support Albania EITI to become successfully validated and be fully EITI compliant in return.

Democratic Republic of Congo - Political economy analysis in sensitive sectors: Support implementation of mining sector reform, a political economy assessment of security sector reform and forestry sector.

Ethiopia

Support to Artisan Miners: The main Development Objective is to significantly reduce the poverty levels of sixteen artisan and small-scale mining (ASM) communities in rural Ethiopia through the provision of training and small credit facilities, promoting social, economic and environmental sustainability.

Ghana

EITI - Post Compliance I: Support governance and transparency in extractive industries management in Ghana.

Guatemala

Extractive Industries Transparency Initiative Implementation: To help support EITI Implementation.

Guinea-Bissau

Extractive Industries Sectors Technical Assistance: The project development objective is to build the institutional foundation for transparent, socially inclusive, and environmentally sustainable management of the emerging extractive industries sectors of Guinea-Bissau.

Mongolia

Post Compliance I: The project development objective is to further develop and institutionalize the EITI initiative with emphasis on engagement with civil society; to legislate on EITI principles and objectives to ensure sustainability; expand the scope and quality of capacity building; expand citizen demand for results from investigations of discrepancies; and to support the process of conducting audits and investigations of revenue generation.

Mongolia

Strengthening governance across the mining value chain by promoting broader and more informed public accountability: The objective is to have better informed economic and mining policy debate leading to more sustainable and development-oriented policies. This includes i) increased awareness of policy trade-offs by government, parliament, civil society by hosting more regular policy forums to discuss mining economy, fiscal regime and mining revenue management where candid views can be exchanged and provide opportunity to learn successes and lessons from other mineral economies; ii) strengthened indigenous capacity for mining policy analysis, focusing on building independent policy capacity; iii) support capacity building of Parliament and engage with Parliament policy research center and local think tanks to strengthen their capacity to produce and access high quality analysis and information on economic and mining policy issues. Moreover, greater awareness of mining policy options by civil society and local media and journalists and greater civil society capacity to monitor governance across mining value chain and public resources are envisioned.

Mozambique

EITI Implementation – Phase II: To ensure increased transparency of payments and revenues from the mining, oil and gas sectors in Mozambique and to support Mozambique in reaching EITI compliant status. The grant will assist in further developing and institutionalizing EITI in Mozambique.

Sierra Leone

Artisanal Mining Community Development and Sustainable Livelihoods: To introduce environmental/social best practices in small-scale mining and support transition to more sustainable livelihoods.

Tanzania

EITI Implementation: To support and strengthen EITI implementation in Tanzania.

Zambia - *Governance Partnership Facility Zambia:* Implementing the Extractive Industries Transparency Initiative (EITI) – To recruit specialists in mining taxation, audit and reporting to improve transparency in the accounting and management of copper revenues since it is the predominant source of foreign exchange for Zambia and taxes from copper account for 3-4 percent of GDP.

IDA FINANCING

Burundi

The proposed *Fifth Economic Reform Support Grant (ERSG V)* will be the second (last) in a series of two programmatic development policy operations (ERSG IV and ERSG V). Building on the first programmatic series (ERSG II and ERSG III), this operation will continue to support the government in reforming (i) the public finance management to improve fiscal transparency and accountability; (ii) the business legal and institutional environment to foster private-sector-led growth; and supporting (iii) reforms in the coffee sector and domestic petroleum sector. Other potential areas of policy coverage of this operation could include civil service reforms and many others drawn from the upcoming CEM report.

Cote d'Ivoire

Post-conflict Reconstruction and Recovery Grant: The key objective of the proposed PCRRG is to provide a rapid response to a new government in dire financial straits while supporting essential reforms to improve governance, transparency and efficiency in public expenditure management and in the key sectors of cocoa, energy and finance.

Djibouti

Power Access and Diversification Project Additional Financing II: Current project development objectives: i) to increase access of underserved populations to electricity services; and ii) to improve EDD's efficiency through execution of investment operations aimed at reducing EDD's electricity losses. Revised project development objectives include: i) increased access of underserved populations to electricity services; and ii) To improve EDD's efficiency through execution of investment operations aimed at reducing EDD's electricity losses; iii) To reduce the negative effects of drought on water pumping in both rural and urban areas by strengthening the country's power supply resilience to natural catastrophes, through the creation of HFO and diesel security stocks.

Ghana

Eighth Poverty Reduction Support Grant - PRSG-8: The proposed program will be based on PRSC-7 and lessons learned from the previous DPOs- preparation and implementation.

Mozambique

Eighth Poverty Reduction Support Credit (PRSC8): The program supported by the PRSC series focuses on strengthening economic governance systems and private sector development in order to achieve broad based growth for poverty reduction. Specifically the PRSC series will support the following outcomes: improved budget planning at central, district and municipal level; improved government fiduciary systems; simplify procedures to start a business; increased access to finance and support for SMEs.

Nigeria

Electricity and Gas Improvement Project Additional Financing: The development objectives of the proposed Project will remain to improve: (i) the availability and reliability of gas supply to increase power generation in existing public sector power plants; and (ii) the power network's capacity and efficiency to transmit and distribute quality electricity to the consumer. This will be achieved mainly by supporting gas supply contracts through Partial Risk Guarantees (PRGs) and complementary investments in transmission and distribution systems. The proposed project will bring the following distinct economic benefits, inter alia: (i) improved quality and reliability of gas supply; (ii) reduction of losses (technical and non-technical); (iii) improved power quality and supply reliability, (iv) avoided captive generation, (v) improved financial health of PHCN/TCN, and (vi) enhanced customer satisfaction.

Tonga

Economic Recovery Operation: The operation will assist the Government of Tonga (GoT) to implement key aspects of its medium-term reform agenda, while providing a predictable flow of resources in a challenging fiscal environment. Over the last four years, Tonga's economy has been hit hard by a series of crises, which have caused the economy to contract, a significant fiscal gap to emerge, and poverty to increase sharply. At the same time, Tonga has made the transition to a more democratic political system. The operation provides the Bank with an opportunity to support key public sector and economic reforms at a critical juncture in Tonga's development

process. The policy areas the operation will support are: (i) strengthening public financial management; (ii) strengthening fiscal policy; (iii) promoting structural reform; and (iv) improving social protection.

Vietnam

Tenth Poverty Reduction Support Credit (PRSC 10), is the fifth and last operation in a cycle aimed at implementing Vietnam's Socio-Economic Development Plan (SEDP) 2006-2010, approved in June 2006. The present operation provides continuing support to Vietnam's medium term reform program. The current cycle of PRSCs is a vehicle for the World Bank, and the international partner community more broadly, to support a country that has a track record of economic growth and poverty reduction, and is emerging from the effects of the global financial crisis. It also recognizes the government's efforts to pursue and deepen reforms. The proposed operation comprises policy actions in areas such as state sector reforms, financial sector reform, public financial management, the social sectors, environment, public administration and governance. This comprehensive program, with the same broad coverage as the SEDP 2006- 2010, provides the foundation for sustained growth, social inclusion, environmental sustainability and improved governance. The preparation of the proposed operation, like previous operations in this cycle, has helped improve the content of strategically important policy actions, to ensure the timeliness of their adoption, and to monitor the impact of the overall program on broader development outcomes.

FINANCING THROUGH GRANTS

Afghanistan

Extractive Industries Transparency Initiative (EITI) Implementation: To help support EITI Implementation.

Congo, Republic of

Extractive Industries Transparency Initiative: The main objectives of the Republic of Congo EITI program are to: 1) further develop and institutionalize the EITI initiative with special emphasis on engagement by civil society; 2) legislate on EITI principles and objectives to ensure its long term sustainability and strengthen its synergy with other governance reforms; 3) expand the scope and quality of capacity building and outreach programs to improve awareness; 4) conduct audits and investigations of the discrepancies identified by EITI reports and activities, disseminate the results and corrective actions.

Ghana

EITI – Post Compliance I: Support governance and transparency in the extractive industries management in Ghana.

Ghana

Social accountability for inclusive and transparent governance in Ghana: To advance Bank learning on Social Accountability (SA) in projects and sectors and to test and/or consolidate comprehensive approaches to social accountability.

Mozambique

EITI Implementation – Phase II: To ensure increased transparency of payments and revenues from the mining, oil and gas sectors in Mozambique and to support Mozambique in reaching EITI compliant status. The grant will assist in further developing and institutionalizing EITI in Mozambique.

Nigeria

Strengthening Sector Governance and Promoting Partnership in Service Delivery: To improve skills and capacity for tracking of revenues, production and other operational statistics in the Oil sector and to complement the Bank and the IMF support in the sector and specifically.

Nigeria

Improving Economic Governance in Nigeria: Support the project in its objectives to i) increase disclosure, transparency and accountability in the oil and financial sector; ii) improve PFM transparency, accountability effectiveness and sustainability; iii) increased engagement of citizens in the core Niger Delta States

Trinidad and Tobago

EITI Implementation: To help support EITI Implementation.

Uganda

Support for the Uganda Petroleum Institute: The objective of the project is to support the Ugandan Petroleum Institute achieve its long-term mission to develop workforce capacity for the oil industry. The specific objectives of the proposed grant activities are to: 1) Provide a basic support package to UPIK to enable it to fund its immediate short term needs in the areas of furnishings and equipment, instructor training, teaching materials, and curriculum development. 2) Prepare a national oil sector capacity building plan to give the government guidance in managing all of its oil-related training and education programs and to establish the necessary context into which the mission of UPIK, the TVET schools, and other institutions can fit; And 3) Assist UPIK in attracting additional short- and long-term financing from donors, industry and the government.

Uganda

Uganda Country Assistance Strategy (CAS) Implementation: Repositioning the Bank's role on Governance: The objective is to re-position the role of DPs to facilitate the transition to a natural resource based economy. This will be achieved by financing exchanges and peer-learning with countries that have faced a similar combination of governance environment challenges and a coinciding change in the nature of the partnership between DPs and government. Also, review regularly the governance risk matrix and the extent to which the program effectively responds to its findings.

Annex E: Summary of Objectives of MIGA EI Projects, FY2012

OIL AND GAS PROJECTS

LUKOIL Overseas Uzbekistan Ltd. (Uzbekistan), Guarantee Holder: BNP Paribas (Suisse) SA

MIGA issued a guarantee of \$119.5 million to BNP Paribas (Suisse) SA of Switzerland - acting for itself and Crédit Agricole Corporate and Investment Bank and the Korean Development Bank—to cover a non-shareholder loan to LUKOIL Overseas Uzbekistan Ltd. for the Khauzak-Shady Block and Kandym Field Group project. The project involves phase two of an upstream gas development of the Khauzak-Shady Block and the Kandym Field Group in Uzbekistan. Benefits include significant direct and indirect employment. Locally-sourced employees will not be less than 80 percent of staff and locally-sourced contractors will not be less than 60 percent of all contractors. LUKOIL will provide training to all staff, with a specific focus on the training of managers. Local procurement of materials is also expected to be significant. The project is expected to be a major source of foreign exchange and government revenues. In addition, LUKOIL supports social development projects for the community.

