The World Bank Extractive Industries Review:
The Role of Structural Reform Programs towards
Sustainable Development Outcomes\(^1\)

Executive Summary
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General Overview

The World Bank Group has two common goals that unify work across its five organizations. These two goals are to reduce poverty and promote sustainable economic development. In order for economic development to be considered sustainable it must embody three primary elements, economic, social, and environmental sustainability.

The World Bank has recognized that for its activities in a given country to contribute to sustainable development outcomes, there must be supportive economic structures, policies and institutions. However, in many developing countries, including those with economies built primarily on extractive activities (oil, gas, and mining), such supportive elements are often lacking. In response to these weaknesses, the Bank is and has been involved in reform programs that are aimed at improving the economic policies and institutions associated with the extractive industries in many countries.

Typically, these Bank reform programs consist of several interrelated loan operations that include macroeconomic and multi-sectoral policy reforms as well as institutional reforms. The macroeconomic policy reforms are often supported by structural adjustment and/or sectoral adjustment loans (SAL and SECAL). These structural adjustment operations are often jointly supported and prescribed by an International Monetary Fund (IMF) country program.\(^3\) Furthermore, adjustment operations are often coupled with complimentary policy and

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\(^3\) It is important to understand the relationship between the World Bank and the IMF. First, World Bank structural adjustment programs often combine an IMF stabilization loan with conditionality for a longer-term structural adjustment program overseen by both the IMF and the World Bank. Second, the World Bank typically requires a country to have a sound macroeconomic program, often determined by the presence of an IMF program, as a prerequisite for Bank loans. Third, the IMF does not receive nearly as much scrutiny as the World Bank and does not have environmental and social safeguard policies like the Bank.
institutional reforms that are usually supported by technical assistance loans (TAL)\textsuperscript{4} or analytical & advisory activities (AAA) of the Bank. Throughout this report, the term “\textbf{structural reform program}” is used to refer to this interrelated program of structural adjustment and policy/institutional reforms.

World Bank structural reform programs supporting extractive industry (EI) development face many challenges. To begin, developing country governments are often faced with budget crises, few options for revenue generation, weak institutions, and pressure from special interests. Given these constraints, oil and mineral dependent countries often suffer from high levels of inefficiency, corruption, and social conflict. Furthermore, the global markets for EI commodities are characterized by a combination of volatile prices and market consolidation. These elements pose major challenges in allowing governments to convert natural resource wealth into broad-based improvements in economic performance and human development.\textsuperscript{5}

In recent years, the negative effects surrounding natural resource wealth have been given more attention in international development institutions, mainly framed as issues of governance. An example of this is the World Bank’s Extractive Industries Review – an assessment of the Bank’s role and operations across the mining, oil, and gas sectors – for which this analysis has been conducted. World Bank\textsuperscript{6} and non-Bank studies\textsuperscript{7} alike have raised questions regarding the relative costs and benefits of providing assistance for EI development. Stated clearly, those queries ask whether the economic benefits outweigh the considerable social and environmental costs associated with growth in the extractive sectors.

It is within this broader context of complex interactions, difficult trade-offs, and less than optimal conditions that World Bank structural reform programs aim to improve the economic structures surrounding extractive sectors. While national governments and the private sector are principal actors that influence EI developments, this analysis focuses on the specific policies, activities, and priorities of structural reform programs supported by the World Bank, and to a lesser degree the IMF.

Specifically, the following analysis aims to answer two primary research questions for the World Bank’s Extractive Industries Review:

1. Are the World Bank and IMF structural reform programs and related effects in the extractive industries having sustainable development outcomes, i.e., positive or negative effects on poverty, national/local economies, and the environment?

2. Where negative effects are detected, what factors lead well-intended policy and institutional reforms to have unintended negative economic, social, and environmental consequences?

In identifying some of the shortcomings of Bank structural reform lending, the analysis hopes to highlight where improvements could be made in Bank programs so as to increase positive economic, social, and environmental outcomes associated with development of the extractive industries.

\textsuperscript{4} For the extractive industries, these loans are often energy and mining technical assistance loans (EMTAL).

\textsuperscript{5} Numerous empirical studies have confirmed that resource wealth tends to have a negative correlation on economic growth (Sachs and Warner, 2001; Leite and Weidmann, 1999; and Weber-Fahr, 2002).

\textsuperscript{6} OED, 2003; McPhail, 2000; and OED, 2002.

\textsuperscript{7} Asafu-Adjaye, 2001; Campbell, 1997; Chachage, 2001; Easterly, 2001; Gibbon, 1995; Reed, 1992 & 1996; and Reed and Kulindwa, 2001.
The analysis is based on three country case studies in Peru, Tanzania, and Indonesia covering the years of 1990-2002. Each of these countries has undergone World Bank and IMF structural adjustment programs and policy and institutional reforms linked to the development of the extractive sectors. In addition, the extractive sectors of mining and/or hydrocarbons (i.e., oil and natural gas) play a significant role in the economic development strategy of each country.

Research for the analysis consisted of extensive interviews, research in each of the countries, a desk study of existing literature and data, and supplemental research by specialist in the three countries. Interviews included government agencies, mining, oil, and gas companies, World Bank country and Washington-based staff, research institutions, and non-governmental and community-based organizations. Due to the sensitive nature of the research, the identity of individuals interviewed is protected throughout the document. In addition, international and local experts on World Bank structural adjustment and the extractive industries reviewed the analysis for accuracy and to provide additional professional input.

The reader should bear in mind that this assessment was conducted with limited resources over a one-year period. Consequently, many data and important issues, such as gender, have not been covered.

Summary of Main Findings and Conclusions

**Question 1:** Are World Bank structural reform programs and related effects in the extractive industries having sustainable development outcomes, i.e., positive or negative effects on poverty, national/local economies, and the environment?

**Main Findings:** Under Bank supported structural reform programs, new extractive industry investments were initiated in all of the study countries, with Peru and Tanzania experiencing exceptional growth in the mining sector. Both mineral exports and government revenues received from these sectors increased. In Peru and Tanzania, growth in the EI sectors could be tied to improvements in macroeconomic performance in the short-term. However, Peru experienced slippage in macroeconomic indicators after the mining investment boom. Furthermore, in some cases the structural reforms appeared to exacerbate macroeconomic imbalances, including: vulnerability to external shocks; declining government revenue ratios; increased economic dependency on primary commodities; and significant negative pressure on balance of payments from increased energy imports associated with the mining sector boom.

In addition, social benefits associated with the expansion of large-scale EI operations were generally in the form of improved infrastructure, including water supply, schools, and hospitals in specific localities near extraction sites. Employment effects have been mixed. Privatization in

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8 It is also important to keep in mind that some of this growth was due to other factors, for example the increased international market price for gold.
9 Associated with significant reliance on EI and fluctuating international EI commodity prices.
10 Measured by government revenue as a percentage of GDP.
11 Measured by percent of manufacturing value added of GDP and growth rates of value added for EI related products in the economy.
12 Largely to support the expanding mining sectors in the Peru case study and to a lesser degree in Tanzania.
the petroleum sector reduced employment. Mining sector data for Peru indicated a modest increase in employment. However, small-scale and artisanal mining, which provides the majority of employment opportunities for the poor in the sector, experienced both positive and negative employment effects as a result of reforms. Overall, the EI sectors in these countries did not constitute a significant percentage of employment. Moreover, data are insufficient to determine the net effect of reforms on employment, e.g., how EI growth affects employment in other sectors such as fishing and agriculture.

Furthermore, the Bank generally recognized that the extractive industries in these three countries were associated with negative environmental and social impacts. To address these anticipated outcomes, the Bank designed complementary program measures to help improve the social and environmental performance of these sectors. However, despite these efforts by the Bank, the complementary projects tended to fall short of significant and long-lasting improvements. As a result, growth of the EI sectors considerably outpaced any progress on social and environmental governance.

Overall, the limited impact of the Bank’s complementary projects coupled with expansionary measures of structural reforms, resulted in unnecessarily high social and environmental costs. Furthermore, the case studies found no evidence of poverty reduction associated with growth in the EI sectors. The main social and environmental findings of the analysis include:

- **No evidence of poverty reduction** – From 1991 to 2000, the poverty reduction that initially took place in Peru, which later eroded, was in Lima and the urban highlands and not in the rural highlands and the Amazon, which is where the mining and hydrocarbon developments are concentrated.\(^{13}\) In addition, a study by the Government of Tanzania, indicates that the significant growth in the mining sector has had little impact on employment and incomes for the poor (GoT, 2003).

- **EI revenue seldom transferred to affected communities** – In Peru and Indonesia, laws were created to ensure that EI revenue would be returned to the local communities or governments. However, due to the specific design of the laws and lack of transparency, little of the revenue has reached the communities.\(^{14}\) In Tanzania, no such revenue sharing laws or mechanisms have been created.

- **EI Operations tend to take place in more socially and environmentally sensitive areas** – New opportunities for foreign investment and technological progress has allowed access to more environmentally and socially sensitive frontier areas. In Peru, 112 of 143 new hydrocarbon exploratory wells are in the Amazon. Many of the EI concessions overlap indigenous and biodiversity-rich protected areas, including protected areas supported by Bank project funding.\(^{15}\) In Indonesia, the new Mining Law contradicts the new Forest Law by permitting open pit mining in protected forests. The Bank recommended the removal of restrictions on mining in protected forests.


\(^{14}\) In Peru, regulatory improvements are needed to identify who exactly should benefit and what type of investments should be made with the money. In Indonesia, the Revenue Sharing law amounts to only a small percentage of the revenue going to the regencies as it only accounts for royalties. Corporate tax and VAT, the larger revenue generators, still go to the central government.

\(^{15}\) Camisea natural gas wells and pipeline overlap with an indigenous reserve involved in the Participatory Conservation Planning in Vilcabamba Project. The Yanacocha gold mine and Mobil Oil concession overlap with areas involved in the Peru-Participatory Management of Protected Areas Project.
Increased insecurity surrounding natural resource tenure – EI development and the strengthening of commercial land rights has induced more tenure insecurity of natural resources for local peoples, including conflicts over land and water rights. The case studies provided examples of military intimidation, lack of community consent, inadequate compensation, and ignored land rights of local peoples.

Increased social antagonism and conflict – In these study countries, significant social unrest is associated with many of the extractive industry investment activities initiated under the structural reform programs. Furthermore, this social unrest has had direct negative impacts on the investment climate in all three countries. For example, in Indonesia foreign companies have frozen or abandoned mining investments worth $2 billion since 1998 stating that disruptive activism at mine sites and a weak policy framework led to the withdraw of their investments.\(^\text{16}\)

Increased overall environmental degradation – Marginal gains in environmental mitigation linked to Bank assistance has been unable to offset the overall increase in environmental degradation associated with the significant expansion in exploration and production of the EI sectors. For all three countries, the World Bank recent reviews assert that government environmental management remains weak. For example, in Tanzania the environmental impact assessments, which are driven mainly by World Bank requirements, are no more than guidelines with no legal requirements to mitigate identified impacts.\(^\text{17}\)

Electricity deficits and increased air pollution – A significant increase in energy demand from the expanding mining sector has produced electricity deficits in Tanzania and Peru. To address this demand, both countries have expanded thermal power generation, which predominantly relies on fuel oil or coal. These fuels are significant emitters of particulate matter, sulfur dioxides, and nitrous oxides – adding in some cases to the existing air pollution problems faced by these countries.

As a result of the findings discussed above, the first conclusion of the analysis is the following:

**Conclusion 1:** Despite efforts by the World Bank to improve the social and environmental performance of the extractive sectors, expansion of these sectors under the aegis of structural reform programs has led to higher than necessary social and environmental costs, and, in some cases, exacerbation of macroeconomic vulnerabilities. The World Bank structural reform programs associated with the extractive industries in the three country case studies did not have sustainable development outcomes.

**Question 2:** Where negative effects are detected, what factors lead well-intended policy and institutional reforms to have unintended negative economic, social, and environmental consequences?

**Main Findings:** In some cases, Bank and IMF structural reform programs corrected important market, policy, and institutional failures, such as state monopolies, political interference in price


\(^{17}\) Statement supported by in-country interviews with private sector and civil society, July 2002.
setting, investment barriers, and lacking environmental regulations. However, in all of the study countries significant failures persisted and, moreover, new problems were created by program reforms. As a result, significant extractive industry expansion occurred prior to addressing several important failures that were harmful to the poor, the environment, and the economy.

Overall, the Bank’s structural reform programs failed to convey that sustainable development requires not only good economic policies, but strong institutions and good governance as well. This is especially important for the development of the extractive sectors, which are prone to corruption and rent-seeking behavior. The three country case studies revealed three main weaknesses in the Bank’s, as well as the IMF’s, approach to structural reform programs.

- First, the Bank and IMF supported reforms tended to concentrate on improving policies and institutions in favor of investors, mainly foreign, without commensurately strengthening policies and institutions for the poor and environment and thereby creating an imbalance. For example, new contract models with fixed environmental costs locked in inadequate environmental standards for ten to twenty years. While foreign investment is an essential element for economic development, it is only one of many elements needed to contribute to sustainable development and poverty reduction.

- Second, where the Bank has made efforts to address the policy and institutional failures that have negative effects on the poor and environment, the scope of activities in these complementary programs tends to be too limited. Furthermore, perhaps the biggest constraint to the effectiveness of these programs has been a lack of leverage with governments and/or weak capacity of governments to ensure implementation of World Bank advice.

- Third, although the Bank fully recognizes the limited social and environmental capacity of these countries, the Bank is not questioning the policy and institutional reforms themselves. Current Bank structural reform programs are built on the assumption that foreign investment in EI will lead to broad-based growth and poverty reduction. Furthermore, the EI growth takes place in the context of weak state structures whose role has been redefined through structural reform as one of facilitation and regulation aimed at creating a favorable investment climate. As the Bank’s structural reform strategy currently stands, there is a significant imbalance between unleashing market forces that have immediate social and environmental impacts and developing mitigation responses that require long-term institutional development.

The following list provides examples from all of the country case studies of institutional, policy, and market failures that were exacerbated or, in some cases, created by Bank supported reforms:

**Institutional Failures:**

- Privatization of State owned extractive enterprises without adequately building State capacity to regulate the private sector.
- Absence of a governmental authority to address social and environmental compliance issues that is independent of the institutions in charge of EI sector or investment promotion.
- Significant increase in EI revenue without adequate management, accountability, or transparency.
Policy Failures:
- Preferential tax treatment for the EI sectors
- New EI contract models that lock in inadequate social and environmental standards
- Policy and institutional reforms that are designed for larger-scale enterprises and, in turn, create some disadvantages for small-scale miners\(^{18}\)
- Commercial land tenure strengthened, while land tenure of the poor remains weak

Market Failures:
- Domestic firms unable to compete with finance terms offered to large foreign enterprises

Table 1 on the next page provides a subset of illustrative examples from the Peru case study of structural reform program measures and corresponding market, policy, and institutional failures that were either corrected, persisted, or created. It should be noted that this table does not provide all of the structural reform program measures or all of the failures involved in Peru but rather provides an indicative list of important issues.

As a result of the findings discussed above, the second conclusion of the analysis is the following:

**Conclusion 2:** Unintended negative economic, social, and environmental outcomes of structural reform programs have been due to market, policy, and institutional failures that were either left uncorrected or were created by structural adjustment and policy/institutional reforms. The findings of the case studies draw attention to the need for closer scrutiny of the design of World Bank policies and structural reforms associated with the extractive industries.

\(^{18}\) The World Bank has in recent years recognized the need to provide more assistance on small-scale mining issues and has created the Communities in Artisanal and Small-scale Mining initiative (CASM). However, experts following this initiative state that progress is slow and the effort is significantly under funded.
Table 1 Structural Reform Programs and Market, Policy, & Institutional Failures: Examples from Peru 1990 - 2002

<table>
<thead>
<tr>
<th>Structural Reform Program</th>
<th>Corrected Failures</th>
<th>Persisting Failures</th>
<th>Created Failures</th>
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<tbody>
<tr>
<td><strong>Investment Liberalization</strong></td>
<td>Market</td>
<td><strong>Market Failures</strong></td>
<td>Market Failures</td>
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<tr>
<td>- No restrictions on remittance of profits, royalties, or capital</td>
<td>Dismantled petroleum state monopoly</td>
<td>Lack of long-term finance for Peruvian companies significantly constrains ability to compete with foreign companies</td>
<td>Lack of competition in hydrocarbon sector - significant portion of natural gas and petroleum production controlled by same foreign company</td>
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<td>- Streamline licensing procedures, one-stop permitting</td>
<td>Reduced domestic political interference in EI price setting</td>
<td>Lack of market access for small-scale miners</td>
<td>Some foreign corporate price interference in downstream markets</td>
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<tr>
<td>- No performance requirements</td>
<td>Improved petroleum consumer service quality</td>
<td>Consolidated global gold market supply chain</td>
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<tr>
<td>- EI VAT Exemption</td>
<td>Created Commission for Promotion of Private Investments</td>
<td>Environmental and social costs not internalized</td>
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<tr>
<td>- Created Commission for Promotion of Private Investments</td>
<td><strong>Policy</strong></td>
<td><strong>Policy Failures</strong></td>
<td><strong>Policy Failures</strong></td>
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<tr>
<td><strong>Privatizations and Concessions</strong></td>
<td>Established some permissible environmental emissions levels for the EI sectors</td>
<td>Overlapping land classification between mining-oil-gas claims and indigenous-local communities-protected areas</td>
<td>Preferential tax treatment to enter into environmentally and socially sensitive areas e.g., Amazon tax exemption</td>
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<tr>
<td>- Dismantle and sell state-owned enterprises (SOE), specific targets for mining and petroleum sectors</td>
<td>Required environmental management plans for EI operations</td>
<td>Lack of property rights for the poor &amp; small-scale miners</td>
<td>Preferential tax treatment - VAT exemption for exploration equipment, but not for pollution treatment equipment</td>
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<td>- Award mining and hydrocarbon concessions to the private sector</td>
<td>Strengthened EI commercial land tenure</td>
<td>Inadequate social and environmental regulatory frameworks for EI</td>
<td>Expedited contract procedures coupled with inadequate social and environmental provisions in new contract models</td>
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<tr>
<td>- No liability for prior SOE debt</td>
<td><strong>Institutional</strong></td>
<td><strong>Institutional Failures</strong></td>
<td><strong>Institutional Failures</strong></td>
</tr>
<tr>
<td><strong>Hydrocarbon Sector Reform</strong></td>
<td>Set up institutions for EI investment promotion</td>
<td>Lack of transparency and accountability surrounding EI revenue distribution – unclear regulations on who should benefit and what type of investments should receive revenue</td>
<td>Lack of follow-up on Bank environmental and social recommendations</td>
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<td>- Perform minimal neglected maintenance for privatized SOEs</td>
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<td>Conflict of interests associated with MEM’s authority over environmental and social requirements of EI investments</td>
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<td>- New Contract Model: Longer contract terms, no size limits to contract area, shorter and simplified contract procedures</td>
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<td>SOE reform lacks clear social and environmental roles and responsibilities of government</td>
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<tr>
<td>- New Hydrocarbon Law: Environmental assessment approval by Ministry of Energy and Mines, environmental management plans for new investments, and reduced environmental penalties</td>
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<td>Inadequate environmental mitigation required by management plans of new hydrocarbon investments</td>
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<td>- Royalties: range reduced from 15-35% and changed to 5-20%</td>
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<td><strong>Mining Sector Reform</strong></td>
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<tr>
<td>- Contract Model: stabilization agreement for large-scale (guarantee of specified tax, labor, and environmental regulations)</td>
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<tr>
<td>- Eliminated all royalties and production taxes on mineral output</td>
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<tr>
<td>- Public Mining Registry: Established mining rights, reduced unresolved mining claims, and computerized system to expedite new mining requests</td>
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**Main Findings** (research question 2 continued): IMF operations have significant implications for World Bank development objectives. First, as a pre-requisite for World Bank structural adjustment lending a country typically must have an IMF program in place. In one of the case studies, socially- and environmentally-based Bank loans were cancelled due to a lack of progress on IMF structural benchmarks. Second, even though the IMF has no environmental and few social requirements for lending, the Bank operations staff has repeatedly stated that the Bank has no responsibility for assessing the environmental or social impacts of IMF policy prescriptions.

In the case study countries, World Bank collaboration with IMF operations took place mostly at the lead economist level. There was very little, if any, interaction between Fund staff and World Bank sectoral, poverty, or environmental specialists. Furthermore, the IMF’s approach to the extractive sectors was mainly one that promoted aggressive privatization of significant mining and hydrocarbon assets for short-term financing of the deficit. Such an objective did not ensure the creation of competition, efficiency gains, development of a domestic private sector, or environmentally and socially sound development strategies for the extractive sectors.

As a result of the findings discussed above, the third conclusion of the analysis is the following:

**Conclusion 3:** The World Bank’s collaboration with the IMF on structural adjustment programs associated with the extractive industries has been ineffective with regards to social and environmental development objectives.

**Summary of Recommendations**

In light of the conclusions drawn from the three case studies, the following six recommendations are offered to the World Bank to improve the outcomes of structural adjustment and other policy lending associated with the extractive industries:

1. **Strategic Social and Environmental Analysis of Policy Lending** – The World Bank’s updated operational policy on structural adjustment (OP 8.60) should require upstream social and environmental analysis of policy lending (SAL, SECAL, TA, and AAA) for countries where EI development is likely to or is intended to occur as a result of structural reform programs. The main objective is to ensure that socially and environmentally appropriate incentives and disincentives for the private EI sector are built into structural adjustment.

2. **Social and Environmental Accountability of Investment Liberalization and Privatization** – The World Bank should establish mechanisms and standards for EI investment approval processes, sector codes, and private sector contract models that ensure local community benefits & rights, and environmental protection. Furthermore, Bank assistance for investment

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19 Even though, according to the framework for World Bank-Fund collaboration, the World Bank is the lead agency responsible for environmental policy areas.

20 Structural Adjustment Loan (SAL), Sectoral Adjustment Loan (SECAL), Technical Assistance (TA), and Analytical and Advisory Activities (AAA).

21 The current analysis could be used to provide initial guidance to Bank staff.

22 Special attention needs to be given to the use of “stability agreements” that at times lock in inadequate environmental and social standards. Further work is needed to develop guidance on socially and environmentally appropriate codes and contract models for the extractive industries.
liberalization and privatization should include specific activities to enhance domestic private sector opportunities, such as access to finance and markets and formalization of small-scale and artisanal mining.

3. Government Capacity for the Poor and Environment – In countries anticipating development of the extractive sectors, the World Bank should place priority on building government capacity to ensure that EI development benefits the poor and improves environmental protection. This will require assessing and strengthening revenue distribution policies and mechanisms, improving the capacity of EI-independent regulatory agencies, and establishing mechanisms for informed stakeholder participation. Furthermore, the Bank should ensure that central and local government agencies have clear social development and environmental protection mandates associated with EI development.

4. More Value Added to the Economy – When EI development is promoted, World Bank lending should support policy and institutional reforms that ensure EI resource rents are used to stimulate more value-added and labor intensive sectors. Conventional wisdom asserts that drawing down natural resource assets is appropriate to the degree that they are converted into other forms of capital, be it productive, human, or financial, which can increase a country’s productivity over time. The Bank should provide guidance and assistance on how a country can utilize EI to stimulate other sectors of the economy and, thereby, move beyond mainly using EI to increase exports.  

5. Strengthened Collaboration between Bank and IMF Operations - The World Bank should enhance social and environmental accountability and collaboration between World Bank and IMF lending operations especially in countries with significant extractive industries. To begin with, the Bank should institute a monitoring mechanism of governance, social/poverty, and environmental management indicators to complement the IMF’s macroeconomic monitoring.

6. Strengthened Civil Society – The World Bank should establish clear guidelines and mechanisms that ensure substantive and sustained interaction among national government agencies, civil society organizations (CSO), and the World Bank. Bank guidelines should provide social and environmental performance criteria by which CSOs can monitor the impacts of structural reform. Furthermore, the guidelines should identify the specific stages in the reform program cycle and the mechanisms whereby the Bank receives feedback from civil society. Lastly, the World Bank should revise program activities in response to the CSO monitoring feedback.

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23 For example, the Bank should provide guidance on how a country can move beyond primary production, e.g., mining and smelting, and into activities of refining and fabrication of products that capture more value-added.
The full document may be downloaded from the Extractive Industries Review website at: http://www.eireview.org

Literature Cited


Table 1 Notes:

1 Either directly supported under a Bank-IMF loan program or as part of documented Bank advice.
2 In Peru, the Value Added Tax (VAT) is equal to 18% and is one of the main revenue-generating taxes. VAT is payable on inputs and in many countries is refundable for exporters.
3 Some environmental penalties required under the 1990 Energy & Natural Resource Law were reduced or repealed.
5 Generally only 3 to 4 companies control major gold projects around the world.
6 Exemption or reduction on income and sales tax on natural gas and petroleum activities in the Amazon.
8 The Ministry of Energy and Mines was both responsible for attracting investment into the mining and hydrocarbon sectors and for approving environmental and social impact assessments and mitigation plans.