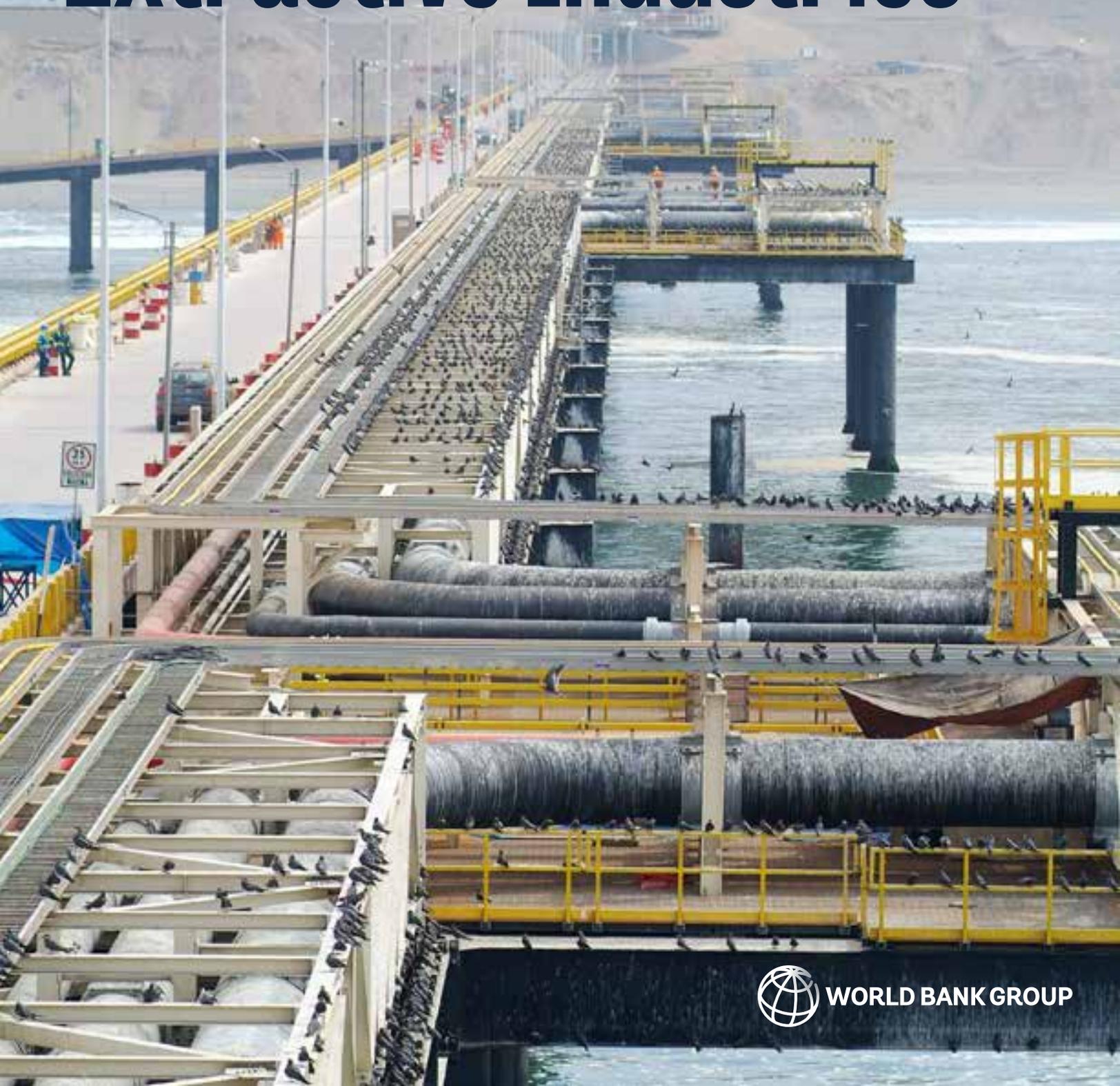


2015 ANNUAL REVIEW

The World Bank Group in Extractive Industries





WORLD BANK GROUP

THE WORLD BANK
IBRD • IDA

IFC | International
Finance Corporation

MIGA | Multilateral Investment
Guarantee Agency

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Abbreviations and Acronyms

AAA: Analytic and Advisory Activities	GGP: Governance Global Practice
ADB: Asian Development Bank	GGFR: Global Gas Flaring Reduction Partnership
AfDB: African Development Bank	GHG: Greenhouse Gas
AFR: Africa region (World Bank)	GRICS: World Bank Institute Governance Indicators
AS: Advisory Services	GSG: Global Solutions Group
ASM: Artisanal and Small-Scale Mining	GW: Gigawatt
bcm: billion cubic meters	HGA: Host Government Agreement
BRIC: Brazil, Russia, India, China	HIPC: Heavily Indebted Poor Country
CAO: Compliance Advisor/Ombudsman	HIV/AIDS: Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
CAS: Country Assistance Strategy	IBRD: International Bank for Reconstruction and Development
CASM: Communities and Small-Scale Mining	ICMM: International Council on Mining and Metals
CEO: Chief Executive Officer	IDA: International Development Association
CI: Community Investment	IDB: Inter-American Development Bank
CNG: Compressed Natural Gas	IEA: International Energy Agency
CO2: Carbon Dioxide	IFI: International Financial Institution
CODE: Committee on Development Effectiveness	IFC: International Finance Corporation
CommDev: Oil, Gas and Mining Sustainable Community Development Fund	IGA: Inter-government Agreement
CSO: Civil Society Organization	IMF: International Monetary Fund
DFID: Department for International Development (UK)	IsDB: Islamic Development Bank
DOTS: Development Outcome Tracking System	IUCN: World Conservation Union
DPL: Development Policy Lending	JSDF: Japanese Social Development Trust Fund
DRC: Democratic Republic of Congo	Km: kilometer
E4D: Extractives for Development	LAC: Latin America and Caribbean region (World Bank)
E&S: Environmental and Social	LICUS: Low-Income Countries under Stress
EAP: East Asia and Pacific region (World Bank)	LNG: Liquefied Natural Gas
EBRD: European Bank for Reconstruction and Development	LoM: Life of Mine
ECA: Europe and Central Asia region (World Bank)	MDB: Multilateral Development Bank
EE: Energy Efficiency	MDGs: Millennium Development Goals
EEGP: Energy and Extractives Global Practice (World Bank)	MDTF: Multi-Donor Trust Fund
EI: Extractive Industries	MENA (MNA): The Middle East and North Africa region (World Bank)
EIA: US Energy Information Administration	mmcfd: million cubic feet per day
EIR: Extractive Industries Review	mmscfd: million standard cubic feet per day
EITI: Extractive Industries Transparency Initiative	MGA: Mining Governance Assessment
EI-TAF: Extractive Industries Technical Assistance Facility	MIGA: Multilateral Investment Guarantee Agency
EITAG: Extractive Industries Technical Advisory Group	MR: Management Response to the Extractive Industries Review
FCS: Fragile and Conflict Affected States	MSI: Multi-stakeholder initiatives
FDI: Foreign Direct Investment	MW: Megawatt
FY: Fiscal Year (ending June 30th for the WBG)	
GEEDR: World Bank's Oil, Gas and Mining Policy Division	
GEI: Governance for Extractive Industries	



New-RE: Renewable Energy excluding hydro with capacity more than 10MW

NGO: Nongovernmental Organization

NOAA: US National Oceanic and Atmospheric Administration

NRGI: Natural Resource Governance Institute

OECD: Organization for Economic Co-operation and Development

OED: Operations Evaluation Department

OEG: Operations Evaluation Group

OEU: Operational Evaluation Unit

OFID: OPEC Fund for International Development

OPEC: Organization of the Petroleum Exporting Countries

PNG: Papua New Guinea

PRSP: Poverty Reduction Strategy Paper

RE: Renewable Energy

SAR: South Asia Region (World Bank)

SEGOM: The World Bank's Sustainable Energy, Oil, Gas and Mining Policy Division

SE4All: United Nations Sustainable Energy for All

SPI: Summary of Project Information

SME: Small and Medium Enterprises

TA: Technical Assistance

TSX: Toronto Stock Exchange

UJV: Unincorporated Joint Venture

UK: United Kingdom

UN: United Nations

UNEP: United Nations Energy Program

USA: United States of America

US\$: United States Dollars

WB: World Bank

WBG: World Bank Group

WWF: World Wide Fund for Nature





Executive Summary

This report provides a summary of World Bank Group (WBG) activities in the extractive industries (EI) sector in FY15. The WBG's objective in the extractive sector is to ensure that natural resources contribute positively to inclusive economic growth and sustainable development. The WBG engages along the extractive industries value chain to help ensure these objectives. IBRD and IDA offer support directly to 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 the shared benefits from EI investments with local communities and stakeholders.

WBG Extractive Industries Financing in FY15

The overall volume of FY15 WBG financing in the EI sector was US\$1,075 million compared with US\$779.9 million in FY14. Total WBG EI commitments were about 1.8 percent of total WBG financing in FY15. IBRD and IDA financing accounted for US\$537 million for policy advice and capacity building. IBRD and IDA financing almost doubled in size from FY14 to FY15 due to an unusually large US\$400 million financing of a gas project in Turkey. In addition, IBRD and IDA provided grants funded by partners of roughly US\$5.7 million. IFC provided US\$514.5 million

of private sector investment and MIGA provided US\$23.4 million of risk coverage. IFC's new business volume is consistent with previous years, while MIGA's volume was smaller.

In FY15, IFC's oil, gas and mining client companies contributed approximately US\$3.9 billion to government revenues, created or sustained about 102,000 direct jobs and funded US\$62 million of dedicated community-related spending. Total spending by these companies on goods and services from local and national suppliers approached US\$10.2 billion, demonstrating significant linkages to local business and making a major contribution to local economies.¹

1. For further information see the IFC's Annual Report for the year ended June 30th 2015 (FY2015): <http://goo.gl/O4vHY4>

Partnerships and Initiatives

Important partnerships and initiatives supported by the WBG in FY15 included:

Extractive Industries Transparency Initiative (EITI). With active WBG support, the Extractive Industries Transparency Initiative continues to grow and have a positive impact on the transparency of oil, gas and mining sector payments to government, and on multi-stakeholder engagement. As of June 2015, there were 48 EITI-implementing countries, of which 31 were declared EITI-compliant—having completed an external assessment and validation of their national EITI process. The World Bank actively supports the initiative through: (a) administration of the EITI Multi-Donor Trust Fund (MDTF); (b) direct support to national civil society groups; and (c) global knowledge work. As more countries attain EITI-compliant status and adopt strengthened EITI Standards, WBG/MDTF will increasingly support activities that link EITI to sector reforms.

Global Gas Flaring Reduction Partnership (GGFR). GGFR is a public-private partnership comprised of 30 governments and oil companies working to increase the utilization of natural gas associated with oil production. Associated gas is flared when barriers to the development of gas markets and gas infrastructure prevent it from being utilized. Gas flaring wastes a valuable energy resource and results in more than 300 million tons of CO₂ emissions per year. In FY15, GGFR continued Phase 4 of its work program with a focus on key oil-producing countries, including Indonesia, Iraq, Mexico, Nigeria, and Russia.

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 the end of FY15, the facility had established partnerships with five supporting countries and financing commitments totaling US\$26.6 million. EI-TAF is currently supporting work in Chile, Colombia, Republic of Congo, Côte d'Ivoire, Dominican Republic, Ethiopia, Guinea, Haiti, Honduras, Madagascar, Peru, Seychelles, Togo, Uganda, Uruguay and with many more projects in the pipeline.

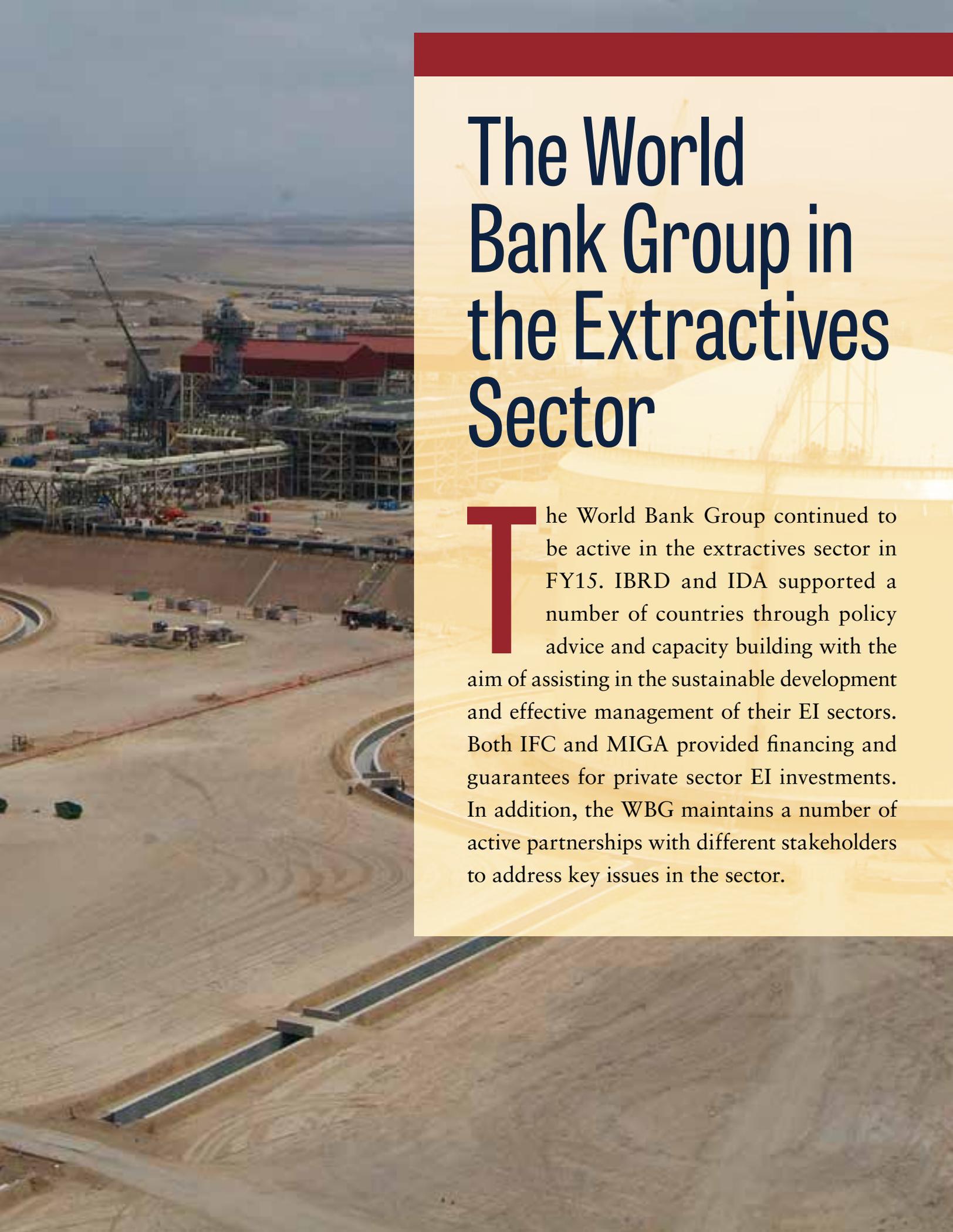
Gender and the Extractive Industries.

Gender continues to be a priority area for the World Bank Group's EI work. A range of activities continue to increase the focus on gender, including focus on gender in artisanal and small scale mining in Ethiopia, Democratic Republic of Congo, and Tanzania; an increased focus on gender-based violence and the extractive industries, through activities in Papua New Guinea and Tanzania; and continuing support for the economic and social empowerment of women in extractives communities in these two countries.

World Bank Governance Global Practice—Governance for Extractive Industries (GEI).

The creation of the Extractives Governance Global Solutions Group (GSG) in the beginning of FY15 signaled the importance of the sector within the broader governance portfolio of the World Bank Group. The GEI program (formerly in the World Bank Institute) supports the mandate to harness knowledge, expertise and experience across the Governance Global Practice (GGP) to reinforce governance along the extractive industries value chain, from licensing and contracting, to revenue capture and management, to assuring a clear development dividend at the local level.



An aerial photograph of a large-scale industrial construction site in a desert environment. The site features extensive scaffolding, concrete structures, and a prominent red-roofed building. A large crane is visible on the left side. The foreground shows a wide, sandy area with a newly laid concrete drainage channel. The background is a vast, flat desert under a clear sky.

The World Bank Group in the Extractives Sector

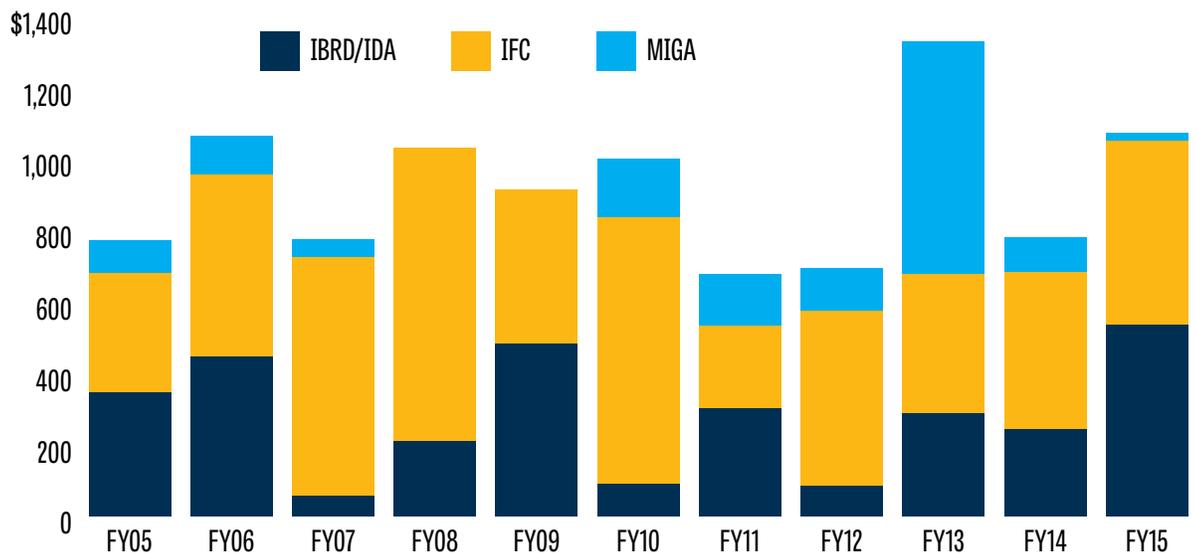
The World Bank Group continued to be active in the extractives sector in FY15. IBRD and IDA supported a number of countries through policy advice and capacity building with the aim of assisting in the sustainable development and effective management of their EI sectors. Both IFC and MIGA provided financing and guarantees for private sector EI investments. In addition, the WBG maintains a number of active partnerships with different stakeholders to address key issues in the sector.

Extractive Industries Financing in FY15

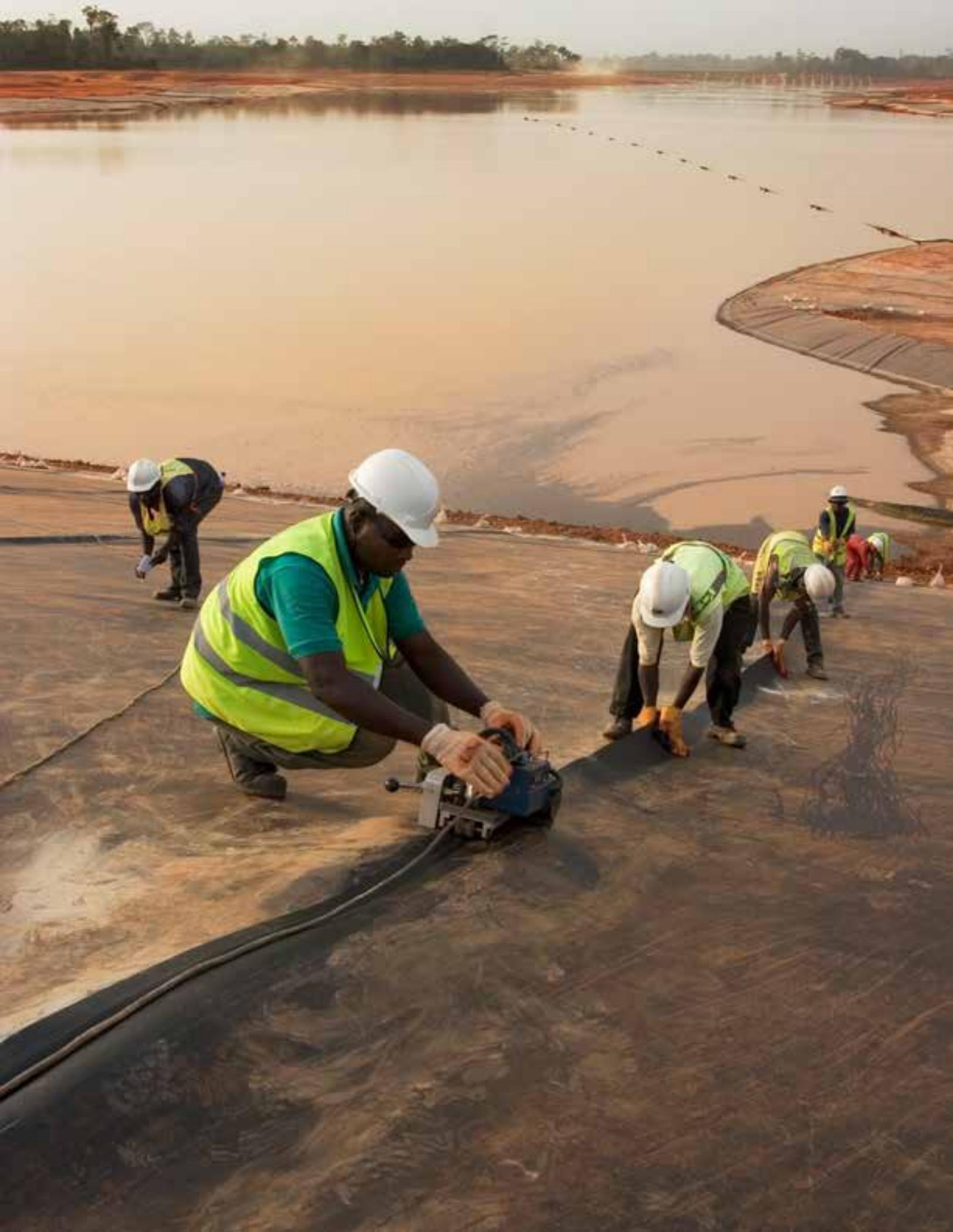
The overall volume of WBG EI financing in FY15 was US\$1,075 million, compared with US\$779.9 million in FY14.² The increase in FY15 compared to the previous year is largely due to a US\$400 million IBRD loan for a gas project in Turkey. IBRD and IDA contributed US\$537 million for new capacity investments, policy advice and capacity building. IFC financed US\$514.5 million worth of private sector EI development for its own account and mobilized US\$1.2 billion. MIGA provided US\$23.4 million for risk coverage associated with a refinery upgrade project in Egypt.

2. Details provided in Annex B.

Figure 1: WBG EI Financing by Institution FY05-15 (US\$, millions)



Source: World Bank Group



**Table 1:
WBG FY15
Financing by
Sub-Sector**

INSTITUTION	NEW CAPACITY INVESTMENTS (US\$, millions)		OTHER	
	MINING	OIL & GAS	E&S AND POLICY CAPACITY BUILDING	
			MINING	OIL & GAS
IBRD/IDA*	—	\$200	\$87.1	\$250
IFC	\$135.8	378.7	—	—
MIGA	—	23.4	—	—
TOTAL	135.8	602.14	87.1	250

* Includes blend countries—See Annex B

By region, Europe and Central Asia accounted for 38 percent of total WBG US dollar financing, due mainly to the US\$400 million IBRD gas investment in Turkey. Sub-Saharan Africa followed with 24 percent, East Asia and the Pacific with about 16 percent, and Latin America and the Caribbean with about 12 percent of financing. The Middle East and North Africa represented a seven percent share and South Asia a two percent share of the total FY15 Extractive financing.

IBRD & IDA

IBRD and IDA provided US\$537 million for extractives with the majority of its financing devoted to the oil and gas sector by volume and to the mining sector by the number of programs. In the mining sector, most IBRD and IDA investments were part of larger programs, often with a focus on governance and transparency, rather than stand-alone projects.

In addition, IBRD and IDA provided US\$5.7 million in grant financing, which was mainly focused on supporting EITI-related activities.

IFC

New Financing Commitments

In FY15, IFC committed 24 financings in more than 17 countries for a total of US\$514.5 million. In addition, IFC mobilized US\$1.2 billion from other institutions for client companies. In US\$ terms, investment in the oil and gas sector was almost three times the volume of the mining sector. Out of ten oil and gas projects, three financings supported production/development, two projects focused on exploration activity and one supported oilfield services. One project is an LNG pipeline, and three projects focus on natural gas distribution. There were thirteen mining investments in FY15 and an exercise of a warrant project (Petra Warrants). Of these thirteen investments, nine were exploration and appraisal and four—construction, development, and operation.

The largest share of investments in FY15 were made in the East Asia and Pacific region, accounting for 35 percent of IFC investments by volume. Latin America and Sub-Saharan Africa regions competed for second place by



volume, contributing 26 percent and 25 percent respectively. The fourth biggest contributor was Middle East and North Africa (13 percent). The equity/debt split is 50/50 percent for oil and gas and 30 to 70 percent for mining.

Portfolio

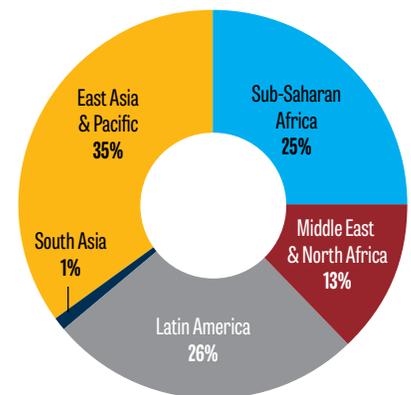
Overall, IFC holds an EI portfolio of US\$2.7 billion, roughly 83 percent in oil and gas and 17 percent in mining in US\$ terms. By number of projects, the portfolio is split 60 to 40 percent respectively between oil and gas and mining. Together, IFC has investments in more than 42 countries with Africa and Latin America together accounting for about two thirds of the portfolio volume. Loans account for 77 percent of the IFC portfolio and equity investments are the balance.

Development Results of IFC Investments in the Extractives Sector

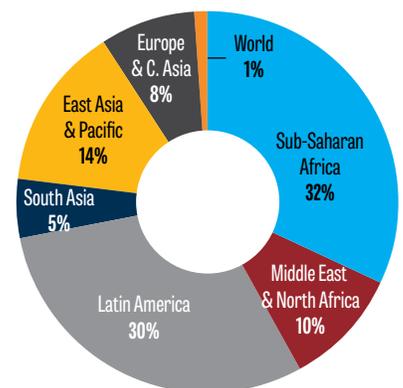
In FY15, IFC’s oil, gas and mining portfolio companies contributed approximately US\$3.9 billion to government revenues and created or sustained over 102,000 jobs during the reporting period of calendar year 2014. Many IFC client companies are active in supporting the development of local communities, and spent about US\$62 million on such activities. Domestic procurement of goods and services approached US\$10.2 billion.³ New investments committed in FY15 are expected to generate additional revenues for government, create jobs, and contribute to local businesses and community spending.

The majority of IFC’s investments in EI continue to have positive development impact. The weakening of IFC’s overall performance in FY15 was primarily driven by the decline and volatility in commodity prices, impacting both financial and economic performance with

Figure 2: Regional distribution of IFC’s EI Investments (by volume) : New business and portfolio



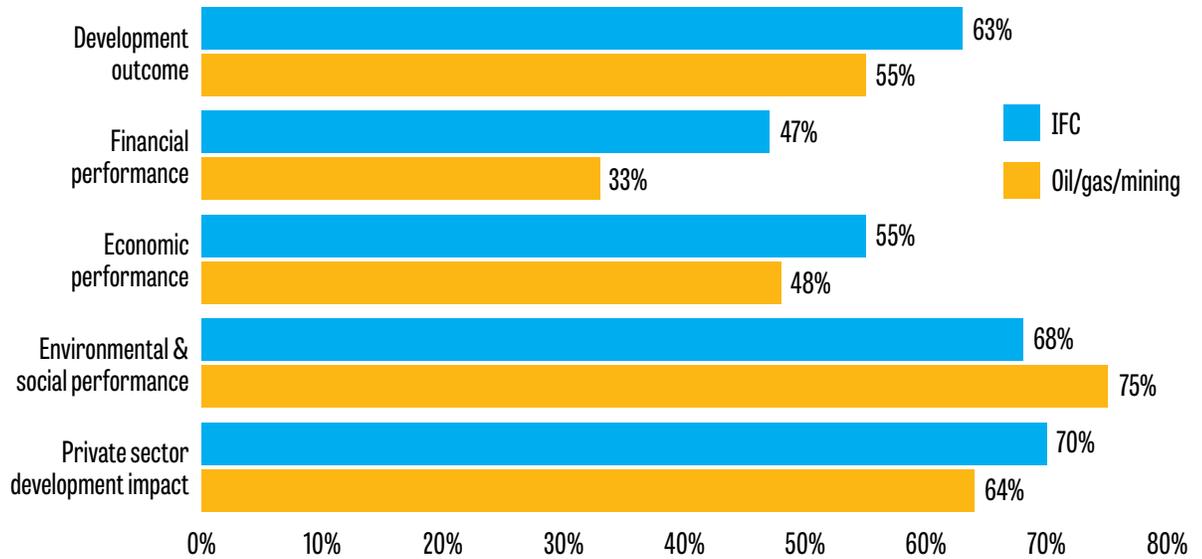
FY15 COMMITMENTS



PORTFOLIO FY15 END

3. For further information see the IFC’s Annual Report for the year ended June 30th 2015 (FY2015): <http://goo.gl/O4vHY4>

**Figure 3:
FY15 Portfolio
Development
Results, IFC
Oil, Gas &
Mining**



projects’ profitability suffering as well as the flow of revenues to governments. Exploration projects, which inherently have a higher risk profile, were particularly impacted by the external environment. Despite weaker financial and economic performance, IFC clients have demonstrated strong and continuous commitment to best environmental and social practices.

IFC EI Advisory Services

In addition to financing, IFC offers advisory services to help EI companies enhance benefits to the communities in which they operate, including through supply chain development, revenue management programs, and strategic community investments. The objective is to raise the bar on sustainable practices, community engagement and the sharing of benefits in order to obtain or maintain a social license to operate. This will improve the way business sustainability and community development are implemented while enabling companies to generate profits and share value. IFC advisory services focus on five broad areas: (i) community investment

and sustainability strategies, (ii) local supplier and value chain development, (iii) revenue management and social accountability, (iv) water stewardship and cooperation, (v) capacity building and knowledge creation.

IFC’s advisory services’ portfolio is concentrated in strategic community investments (37%), local supplier and value chain development (27%), and revenue management (24%), and with majority of the activity taking place in Latin America and Africa.

Approach and Services

Best practices in this area continue to evolve. EI companies are moving away from philanthropic donations and practices created for a particular purpose to more sophisticated and strategic ways of planning and delivering benefits across broader geographic areas. There is greater emphasis on the business case—via the lens of risk and opportunity—and on creating shared value by aligning business goals and competencies with the development priorities of local stakeholders. Other trends include a focus on building social capital and local

ownership through multi-stakeholder processes, factoring in sustainability and handover/continuity strategies into project design and measuring and communicating results to optimize both business and societal value.

In FY15, IFC initiated 12 new engagements with existing and new clients at all stages of the project cycle. Special attention was paid to supporting junior companies in dealing with artisanal and small-scale mining on their grounds (e.g. Eco-Oro, Colombia). IFC advisory services continued to support investment activities by implementing critical projects to increase development impact, including:

- Despite the Ebola outbreak in West Africa, IFC and its partners continued to implement the Simandou local supplier development project in Guinea. In particular, IFC facilitated discussions between Rio Tinto and the Government of Guinea through the Simandou Working Group, providing constructive inputs into government policy around local procurement.



- IFC provided revenue management support for 30 municipalities in Peru, including Cajamarca, providing tools and methodologies for improving municipal investments and building capacity among local leaders. As a result, investment performance was increased by more than 20% in 21 municipalities and 29 municipalities introduced mid-term planning.
- IFC facilitated a series of industry roundtables and site visits in the South Gobi to examine issues related to water stewardship, and developed and delivered training to over 700 participants from the mining industry, local communities and government. As a result of broad discussions and knowledge sharing among stakeholders, a voluntary code of practice around mining and water was developed.

In addition, IFC advisory continued to create and disseminate knowledge relevant to the sector and accessible to the public on its website, www.commdv.org, and hosted knowledge events to promote dialogue and exchange across stakeholders, including companies,

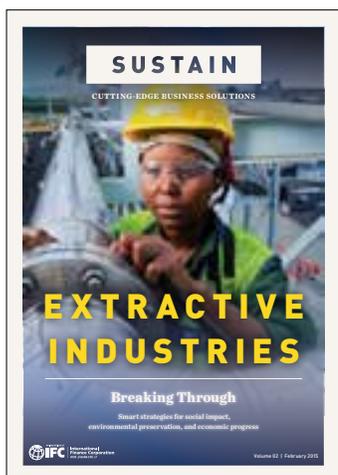
practitioners, civil society and others. In May 2015, IFC hosted its annual Sustainability Exchange, which brought together over 250 professionals—including more than 40 CEOs, Chairpersons and Executive Directors—from the public, private and academic sectors to discuss the challenges and opportunities in EI and to explore new approaches to addressing sustainability issues.

IFC works closely with the World Bank to ensure complementarity and a holistic approach to its interventions globally. On the advisory side, IFC and the World Bank Global Practice on Trade and Competitiveness worked together to improve the investment climate in Guinea, creating a ‘one-stop-shop’ for investors. In Peru, IFC advisory and the World Bank Global Practice on Energy and Extractives worked in tandem to deliver a program on social inclusion, local governance and sustainable mining, whereby the World Bank focused on developing policy alternatives while IFC implemented test pilots throughout the Apurimac region.

MIGA

In FY15, MIGA issued guarantees totaling US\$23.4 million for both the construction and the upgrade of existing oil and gas refining facilities in Egypt. For more details see Annex E.

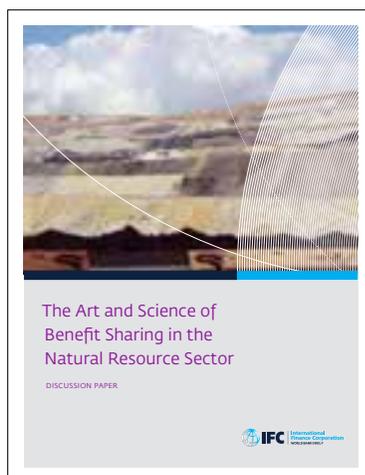
Select WBG Publications in Extractive Industries



SUSTAIN: Cutting-edge business solutions magazine in Extractive Industries

IFC's SUSTAIN magazine presents cutting-edge business solutions for achieving stronger performance while addressing sustainability challenges. The latest issue focuses on extractive industries and features fresh perspectives of CEOs and sustainability leaders in companies like Anglo American, Aureus, Aurizon, ExxonMobil, Newmont, Peru LNG, Rio Tinto, Sierra Rutile, Total, and Tullow Oil. It also includes contributions from governments, international organizations, and academia including the Harvard Kennedy School, International Council on Mining and Metals (ICMM), the Rockefeller Brothers Fund, the University of Queensland, the World Economic Forum, and World Wide Fund for Nature (WWF).

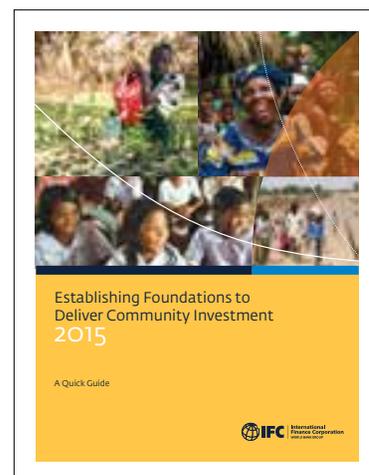
Visit www.sustainbusiness.org to view a web version of the magazine.
<http://goo.gl/s6Ojj3>



The Art and Science of Benefit Sharing in the Natural Resource Sector

If developed and managed appropriately, a country's oil, gas, and mineral resources can make a major contribution to economic development and poverty alleviation. The purpose of this paper is to contribute to the understanding and discussion of how the costs and benefits of natural resource development are shared across society. This paper presents how IFC, as both an investor and a development organization, determines whether benefits and costs are shared reasonably, and how this assessment influences IFC's decision to invest in a particular natural resource project. Through its long experience in the sector, IFC has learned that investments likely will run into problems at some point in their life cycles if there are imbalances in the sharing of fiscal, economic, environmental, and social costs and benefits. By describing IFC's thinking and lessons learned, the goal of the paper is to promote a broad, constructive dialogue across stakeholders—governments, investors, civil society, and others—around benefit sharing.

<http://goo.gl/8uCyI6>



Establishing Foundations to Deliver Community Investment

Providing benefits to communities affected by a project can help a company to obtain and maintain a “social license to operate,” and manage project risks and stakeholder expectations. There are many different channels that companies can use to deliver these benefits. Depending on the channel, determining the appropriate implementation vehicle can be a key strategic decision. For a company that has selected community investment as a way to deliver benefits, this decision is particularly important. This Guide specifically explores the use of foundations, trusts, and funds to deliver community investment (CI). The Guide does not intend to encourage or discourage companies from establishing foundations; rather, it lays out a process for deciding whether a foundation can be a viable implementation model and helps companies understand related risks and opportunities.

Please also see Annex F for more WBG publications in Extractive Industries sector.

<http://goo.gl/5C6KDB>



Partnerships and Initiatives

Extractive Industries Transparency Initiative

Since its inception in 2003, the Extractive Industries Transparency Initiative (EITI)⁴ and its principles have become a well-established and recognized global standard for resource revenue transparency, applied at the country-level. EITI has continued its strong momentum and became the established standard for transparency in the oil, gas and mining sectors. Increasingly, OECD countries have announced their intent to implement EITI, from Norway (EITI compliant) to the USA (an EITI candidate) and Australia (moving towards EITI candidacy). France, Germany, Italy and the UK also announced their intent to adopt or pilot EITI implementation.

At the end of FY15, there were 48 EITI-implementing countries, of which 31 have been designated EITI-compliant. These EITI countries include Norway, and other major producers like Azerbaijan, Iraq, Mongolia, Nigeria and Zambia. Recent EITI candidate countries include Colombia, Myanmar and the Seychelles. Other countries that advanced to compliant status in FY15 include Chad, the Democratic Republic of Congo (DRC) and Trinidad and Tobago. Beyond that, there remains strong interest in adopting EITI from other countries such as the Dominican Republic, Malawi and Suriname. Annex A provides a full listing of EITI countries by geographic region and implementation progress to date.

In almost all implementing EITI

countries, the WBG provides support, which is an integral part of the WBG strategy for engagement, especially in fragile and post-conflict settings. The World Bank Group's support spans the following activities: (i) administration and management of the EITI Multi-Donor Trust Fund (MDTF), comprising of 15 donors and cumulative contributions of US\$71.4 million; (ii) technical assistance to 50+ countries throughout the EITI implementation cycle up to EITI-compliance stage and beyond. The work program also includes direct support to civil society organizations to strengthen their capacity to engage on EITI issues; and (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.

Compared to the initial stages of EITI, when the World Bank Group focused on outreach and education to encourage early joiners, WBG efforts are now much larger in scope and coverage, and are differentiated according to specific EITI country circumstances and the needs of national stakeholders. In particular, as the portfolio of EITI countries has expanded in most regions, the global EITI architecture (EITI Board) and its standards (EITI rules) have evolved in particular through the new EITI Standard adopted by the EITI Board during FY14. The WB/MDTF's work will help countries meet this upgraded EITI



Standard, and help use EITI as a platform for continued sector reform and institution-building.

There is emerging evidence of positive results at the country-level, especially concerning data on EI revenues. At the same time, the data reported in each EITI country is presented in a different way which makes comparisons across countries very difficult. Increased efforts are focusing on an Open Data initiative to develop guidance on standardizing the way in which EITI data is being reported. This work includes exploring options for standardizing the electronic formats that

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



report EITI data to make the information consistent, machine-readable and easily available through a data portal. Once data is standardized it will be easier to mainstream EITI data requirements into government and company financial management systems so that annual reporting becomes easier and timelier. Moreover, embedding EITI reporting principles in financial systems will help to institutionalize and deepen transparency, which facilitates further sector reforms.

Despite progress, the broader improvement in how EI resources are managed

remains a longer-term goal, and an ongoing challenge for EITI to demonstrate its long-term impacts. Accordingly, both globally among EITI stakeholders and within the WB/MDTF EITI team, an ongoing effort is in place to create and implement results frameworks, which help EITI countries and stakeholders to orient their national EITI processes to achieve the “higher-order” outcomes of better sector management 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 this respect, the World Bank Group has been working with the International EITI Secretariat in Oslo, bilateral partners and international civil society as well as with other international institutions such as the International Monetary Fund (IMF), the African Development Bank (AfDB) and the Asian Development Bank (ADB), to promote results orientation for EITI. The new EITI Standard aims to help EITI countries make tighter linkages between the EITI process and sector reforms and other systemic improvements.



Global Gas Flaring Reduction Partnership (GGFR)

Billions of cubic meters of natural gas are flared annually at oil production sites around the globe. Flaring gas wastes a valuable energy resource that could be used to support economic growth and progress in oil-producing countries. It also contributes to climate change by releasing millions of tons of CO₂ into the atmosphere. Through GGFR, the World Bank Group is working with governments, oil companies, and other development institutions to stop wasting this gas, and to create markets in which to sell it and put it to productive use.

In 2015 the World Bank Group, along with UN Secretary-General Ban Ki-moon, several countries, oil companies, and development institutions, launched a global Initiative to end routine gas

flaring by 2030 and embarked on a broad advocacy campaign to garner endorsements from oil-producing countries, oil companies, and development institutions. The “Zero Routine Flaring by 2030” Initiative is based on a shared responsibility between all primary stakeholders—international and national oil companies, governments, and development institutions. GGFR partners have been engaged at the outset and are currently conducting internal assessments before formally endorsing or declining to join the Initiative. Early endorsers of the global Initiative include:

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 bcm in 2005 to about 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. Overall, Russia and Nigeria have seen the largest reductions, and there has also been progress in Algeria, Kuwait, Mexico and Qatar. Latest data for 2012, however, shows the amount of gas flared globally has remained at about 140 bcm, which is a warning that efforts to reduce flaring need to be scaled up.

In this context, GGFR partners are scaling up their flaring reduction efforts,



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.

Currently, GGFR maintains two networks to manage projects and activities. The Technical Network explores and examines new flare reduction technologies and practices while also examining technical issues that inhibit flaring reduction. In 2014, the Technical Network published a report on small-scale gas-to-liquid conversion technologies. The Communications Network manages the new Zero Routine Flaring by 2030 Initiative and advocacy across the globe, while communicating flare reduction success stories and best

practices, and raising awareness of the Partnership's objectives through media, workshops, conferences, and other events.

Gas flaring produces black carbon as a byproduct of incomplete combustion. Flaring is a relatively minor source of black carbon emissions globally, however when it takes place in and near the Arctic, the black carbon deposits as soot on the snow and ice cap. According to recent research (Stohl et al., 2013), flaring is a major source of these deposits, and it reduces the reflecting power of the snow and ice cap accelerating melting. GGFR is working with Canadian scientists to conduct quantitative field measurements of flare-generated black carbon emissions in order to better understand how flare characteristics impact black carbon emission levels.

Table 2: Stakeholder endorsement of GGFR

COUNTRIES
Angola
Cameroon
Republic of Congo
France
Gabon
Kazakhstan
Norway
Perú
Russian Federation
Uzbekistan
COMPANIES
BG Group
BP
Eni
Kuwait Oil Company
Petroamazonas EP (Ecuador)
Royal Dutch Shell
Société Nationale des Hydrocarbures (SNH—Cameroon)
Société Nationale des Petroles du Congo (SNPC)
State Oil Company of the Azerbaijan Republic (SOCAR)
Statoil
TOTAL
DEVELOPMENT INSTITUTIONS
African Development Bank (AfDB)
Asian Development Bank (ADB)
European Bank for Reconstruction and Development (EBRD)
Inter-American Development Bank (IDB)
Islamic Development Bank (IsDB)
OPEC Fund for International Development (OFID)
United Nations Sustainable Energy for All (SE4All)
World Bank Group



Extractive Industries—Technical Advisory Facility

To address developing countries' needs for real-time advisory assistance, in 2009 the WB's Sustainable Energy, Oil, Gas, and Mining Unit (GEEDR) 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.

The Facility has mobilized US\$26.6 million from a variety of donors, including Norway's Oil for Development

Program (US\$4.8 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\$1.3 million), the Australian Agency for International Development (US\$ 5.0 million), the IFC (US\$2.8 million), and the World Bank's Development Grant Facility (US\$1.5 million). Active country-level grants include: Chile, Colombia, Republic of Congo, Côte d'Ivoire, Dominican Republic, Ethiopia, Guinea, Haiti, Honduras, Madagascar, Peru, Seychelles, Togo, Uganda, and Uruguay (total commitment amount US\$9.0 million). The pipeline of potential projects includes grants to the following countries: Armenia, Guatemala (approved in 2014, but scope and funding have been revised), Papua New Guinea, Somalia, and Tanzania (total value US\$2.3 million).

Completed global knowledge management activities include: Contract Monitoring and Compliance, EI Source Book, and IBA Civil Society Forum. Current global knowledge management activities include: Mining Negotiation Training Program, Communications, Mining Governance Assessment, and Program Management (total active and completed value US\$4.1 million). Further details on these global knowledge activities are provided below:

Mining Negotiation Training. This activity was launched in early 2014 and is to be finalized in late 2015. Under this activity, EI-TAF focuses on building country capacity to negotiate contracts. The World Bank hosted international training workshops that brought together government representatives from 18 countries, with EI-TAF funding.



Mining Governance Assessment (MGA).

The objective of the MGA is to assess governance quality, which is particularly relevant to mining and mining sector competitiveness and attractiveness. A work schedule and approach has been agreed, and a customer consultation study was completed. The first country assessment in Zambia took place in March 2015, and will be followed by another seven country assessments that are all to be completed by December 2015.

Extractive Industries Source Book.

The EI Source Book project was prepared to support an audience of developing country government officials, civil society organizations, donor organizations, and media, around the sustainable development of hydrocarbon and mineral resources by holistically framing key issues using the EI Value Chain in its methodology. The EI-TAF supported the EI Source Book. The EI Source Book project has produced two principal outputs:

an online knowledge resource platform (www.eisourcebook.org) and a hard copy of the narrative text; both of which are designed to support capacity building towards stronger mineral development agreements. After three years of editorial revisions and review, the WB took delivery of the “hard copy” narrative in December 2014 and that is now being prepared for submission to the Office of the Publisher at the World Bank. Going forward, the Bank is engaged in dialogue and consideration of a partnership to use the EI Source Book to prepare a Massive Online Open Course (MOOC). The next generation of the EI Source Book is envisioned to remain an externally hosted platform with multiple partners; and is expected to further integrate the existing compendium of knowledge with new forms of authored video, blogs and other social media, and increase dissemination through cross platform intelligent search capabilities. For more information, visit www.eisourcebook.org.





Gender Program

The World Bank's Oil, Gas and Mining Policy Division (GEEDR) has a steadily growing program on Gender and Extractive Industries. Gender is increasingly incorporated into GEEDR projects (Tanzania, Uganda, PNG, DRC, Ethiopia), into the assessments that are part of project preparation and implementation, into indicators, and into various project activities.

In Papua New Guinea, which hosts the Bank's longest running program on gender and the extractive industries, a new public-private collaboration was developed in 2014 to bring government and industry together to examine and address the connections between extractives and gender-based violence. This US\$2.6million project will become effective in autumn 2015.

Under the Nigeria Mining Reform Program, a gender assessment on participation in the Nigerian mining sector was undertaken. The analysis was holistic and reviewed the legislative framework for the sector; participation of women in the Ministry of Mines and Steel development (including number of women in the sector, including in management; and perceptions of women in mining), Nigerian Institute of Mining and Geosciences (women enrollment in the programs, women in administrative and teaching positions and ranks, perception of women in mining), and assessed the participation of women in artisanal and small-scale operations across Nigeria, and captured the cultural perceptions that hinder and promote their activities respectively.

In Ethiopia, GEEDR is managing a US\$3 million Japanese Social Development Trust Fund (JSDF) grant to support a project to improve the economic, social



and environmental sustainability of Artisan Miners in Ethiopia, with special reference to women miners. The project focuses on providing technical training and enhancement of sustainability of artisanal mining practices, improving basic services and access to health in 12 selected ASM communities.

In addition to GEEDR's operational work to incorporate gender into projects, GEEDR also develops and shares information on the gender dimensions of the extractive industries. At the intersection of operational work and knowledge creation, the World Bank and the Harvard Humanitarian Initiative embarked on a two phase research project in DRC, initiated in 2012, and concluding in November 2014, to explore the relationship between mining and sexual violence in eastern DRC. The quantitative study will be completed in

2014 at which time the World Bank and HHI will synthesize the qualitative and quantitative results into one global report for public debate. During the World Bank Group's Forum 2014, GEEDR organized sessions on sharing best practice from gender activities in extractives projects. GEEDR is also working with UN Women to develop an international roster of experts on gender and the extractive industries, and to develop a gender and EI mailing list for sharing information, publications, and news.

In FY15, GEEDR also received funding to develop a series of six short learning notes to share key issues around gender in the extractive industries. These notes, meant to provide the reader with an at-a-glance understanding of key gender issues in mining, oil, and gas, will be available by end of 2015.



World Bank Governance Global Practice: Governance for the Extractive Industries (GEI)

The reorganization of the World Bank Group into Global Practices in FY15 led to the creation of the Extractives Governance Global Solutions Group (GSG), signaling the importance of the sector within the broader governance portfolio of the World Bank Group. The GEI program (formerly in the World Bank Institute), now supports the mandate to harness knowledge, expertise and experience across the GGP to reinforce governance along the extractive industries value chain from licensing and contracting to revenue capture and management to assuring a clear development dividend at the local level.

During the year, the GEI team scaled up engagement around extractives data and the potential to harness data in support of better sector outcomes. This included an in-depth workshop analyzing data supply organized with Natural Resources Governance Institute and the IMF, and exploring ways to enhance

government information systems to allow for more accurate and timely reporting and analysis of sector revenues. In collaboration with the Open Contracting Partnership, the GEI program worked to develop the extractives industries extension of the Open Contracting Data Standard.⁵

GEI continues to support efforts for greater disclosure and monitoring of oil, gas and mining deals. Several trainings on understanding and monitoring extractive contracts have been conducted globally and at the national level. GEI continues to invest in new resources to enable understanding and use of those contracts, including helping develop the new book, *Mining Contracts: How to Read and Understand Them*,⁶ through an innovative book sprint process. The GEI

5. <http://www.open-contracting.org/extractives>

6. <https://eiti.org/document/mining-contract-how-read-and-understand-them>

program collaborated with the Energy and Extractives Global Practice (EEGP) to organize and deliver a new training curriculum on Negotiating Mining agreements for African governments in Francophone Africa. The first training was held in Ouagadougou in October 2014 and in Tunis in February 2015 targeting twelve African countries.

The GEI program, together with the World Bank EEGP, continued to facilitate the Extractives for Development (E4D) initiative, aiding coordination among the various World Bank Group departments and international partners delivering knowledge and capacity building support to countries. The E4D internal group, with support from the Governance Partnership Facility, provided catalytic funding and technical assistance to three country teams—Peru, Lebanon, and Liberia—that supported innovative operational engagements around the governance dimensions of



natural resource management at the country level ranging from integration of land and EI governance assessments to multi-stakeholder dialogue around new oil production. GEI continues to manage a thriving community of practice, GOXI, with a dedicated web platform (GOXI.org) that continues to attract an increased membership—now around 3,000 practitioners.

In December 2014, the GGP in partnership with EEGP convened a strategic meeting with key actors—bilateral and multilateral donors, private foundations, delivery partners and NGOs—working on improving the governance of extractive industries (GEI) to discuss their work and help the World Bank and others strategize their own approaches with greater awareness of the field around them. The meeting confirmed the magnitude of challenges confronting the field and, more surprisingly perhaps, brought to light a high degree of consensus on the nature of key challenges around GEI moving forward (e.g. closing civic space, commodity price

volatility, frontier producer concerns, intersection of GEI and climate change and engagement of emerging market actors.) The meeting also underscored the need to integrate lessons (existing and prospective) from past engagements into future strategies and approaches, a process that will involve more investigation and analysis to broaden the knowledge base in this area.

Building on the outcomes of the New York meeting and previous dialogues on governance for extractives industries, the GEI program organized a second event in February 2015, in collaboration with the Transparency and Accountability Initiative. The event focused on international multi-stakeholder initiatives (MSI) addressing public governance issues, particularly related to government transparency and accountability. This workshop focused on understanding the ‘state of evidence’ on MSIs, and to share learning across a diverse group of individuals, ranging from MSI secretariats to researchers to civil society actors. EI and partners continue to support effective

implementation of MSIs, such as EITI, at the country level. During FY15, the GEI Program worked with EEGP to support effective engagement of CSOs in the EITI process in Ethiopia and Gabon. In Mali, the GEI Program is working in collaboration with the EEGP to pilot local EITI multi-stakeholder group at the communal and regional levels within the mining regions. Such efforts are complemented by capacity building of those bodies with oversight authority over the extractives sector, such as in depth seminars conducted in partnership with Finland for parliamentarians from over fifteen countries on their roles and responsibilities both legislatively and in terms of overseeing capture and use of revenues.

Working with the EEGP, the GEI program also supported development of the new Mining Governance Assessment being piloted initially in African countries and launched dialogue with China on governance and risk frameworks, including workshops on transparency and good governance surrounding overseas mining investments.



Other Developments

The Compliance Advisor/Ombudsman (CAO) and Inspection Panel

In FY15, the extractives sector made up 24 percent of CAO's total caseload. CAO accepted two new extractives complaints during the year: a complaint from local communities regarding the IFC-supported Amulsar gold mine in Armenia—the second complaint received by CAO regarding the project; and a complaint regarding the impacts of the IFC-supported Lonmin Marikana platinum mine on local communities in South Africa. CAO also handled 13 extractives cases carried over from the previous fiscal year. Five cases are in dispute resolution, two cases are undergoing compliance reviews of IFC's environmental and social performance, and one case is in compliance monitoring. CAO closed five cases during the year—four cases related to the Yanacocha gold mine in Peru, and one case related to an IFC-supported mining project in South Africa. These cases are described in more detail below.

Through its Dispute Resolution function, CAO is handling two complaints filed by communities living alongside the Chad-Cameroon oil pipeline. Parties in both Cameroon and Chad aim to address project impacts related to loss of livelihoods, health, pollution, compensation, and project monitoring through dialogue processes facilitated by CAO. In Mongolia, CAO is facilitating two dialogue processes regarding impacts of the IFC/MIGA-supported Oyu Tolgoi

mine on nomadic herders in the South Gobi desert. Through the CAO process, the parties have jointly selected an Independent Expert Panel to assess the mine's impacts on local water sources, and a Tri-Partite Council has been created consisting of herders, local government, and the mining company to address outstanding issues and promote regular dialogue. In Albania, where CAO is facilitating a dispute resolution process between local community members and Banker's Petroleum, an oil exploration and production company supported by IFC, parties have established a roundtable process through which community-company working groups are aiming to address key concerns including earthquakes, environmental impacts, and social investment opportunities.

Through its Compliance function, CAO is conducting an investigation of IFC's investment in a gold mine in Colombia, Eco Oro, which is at the pre-development stage. During FY15, CAO initiated an investigation of IFC's investment in Lydian International Limited related to the Amulsar gold mine in Armenia, which is at an advanced feasibility stage. In September 2015, CAO published an investigation of IFC regarding its investment in Quellaveco, a copper mine being developed in Peru. The investigation was triggered following a complaint to CAO in 2011 from local communities about

the project's future environmental and social impacts. The investigation found that IFC did not apply a proper risk categorization to the project given the magnitude of the mine's potential impacts and found that issues identified by IFC during supervision related to land acquisition, resettlement, stakeholder engagement, and environmental impact assessment, among others, were not translated into corrective action plans. CAO is monitoring IFC's actions to address its findings. (IFC sold its equity stake in the project in early 2012.)

During FY15, CAO completed a compliance appraisals of IFC's environmental and social performance in relation to mining investments in Peru (Yanacocha) and South Africa (Tsodillo). Both cases were closed on the basis that the complaints did not raise sufficient concerns regarding environmental and social outcomes or issues of systemic importance to IFC such that would merit a CAO compliance investigation. The Yanacocha appraisal covered three separate complaints regarding land disputes, and one complaint from a former employee regarding labor issues. The Tsodillo complaint related to the potential impacts of a mining venture at the early stages of exploration.

For more information about the CAO and Inspection Panel see: <http://www.cao-ombudsman.org> and <http://go.worldbank.org/7RCPYOF0C0>



Annexes



Annex A: Status of EITI Implementing Countries

EITI COMPLIANT		EITI CANDIDATE	
<i>Implementing EITI (Validated as Compliant and issuing EITI Reports) (31 countries)</i>		<i>Implementing EITI (17 countries)</i>	
AFRICA			
Burkina Faso	Cameroon	Ethiopia	Madagascar
Chad	Democratic Republic of Congo	Sao Tome and Principe	Senegal
Republic of Congo	Central African Republic*	Seychelles	
Cote d'Ivoire	Ghana		
Guinea	Liberia		
Mali	Mauritania		
Mozambique	Niger		
Nigeria	Sierra Leone		
Tanzania*	Togo		
Zambia			
EAST ASIA & PACIFIC			
Indonesia*	Mongolia	Myanmar	Papua New Guinea
Timor Leste		Philippines	Solomon Islands
EUROPE AND CENTRAL ASIA			
Albania	Kazakhstan	Azerbaijan	Tajikistan*
Kyrgyz Republic		Ukraine	
LATIN AMERICA & CARIBBEAN			
Guatemala*	Peru	Colombia	Honduras
Trinidad & Tobago			
MIDDLE EAST & NORTH AFRICA			
Iraq	Yemen*		
SOUTH ASIA			
		Afghanistan	
OECD			
Norway		United Kingdom	United States
BY WBG REGION			
AFR	19 countries	5 countries	
EAP	3	4	
ECA	3	3	
LAC	3	2	
MNA	2	0	
SAR	0	1	
OECD	1	2	

* Countries that were deemed Compliant but later suspended

Annex B: World Bank Group Extractive Industries Financing, FY15

IFC Extractive Industries Financing

IFC OIL & GAS FINANCING, FY15

COUNTRY/REGION	COMPANY	PROJECT	US\$M	OIL/GAS SPLIT	DESCRIPTION
BANGLADESH	Excelerate Energy LP	InfraV-BanglaLNG	3.00	Gas	To develop a floating liquefied natural gas storage and regasification import terminal offshore Moheshkhali Island in south eastern Bangladesh.
CHINA	China Gas Holdings Ltd	China Gas	86.00	Gas	To finance the capital expenditure program of a natural gas distribution company, which includes maintenance and expansion of its distribution pipeline, as well as construction of over 400 additional natural gas stations in China.
CHINA	China Tian Lun Gas Holdings Ltd	Tian Lun Gas	75.00	Gas	To finance the capital expenditure program of a natural gas distribution company in order to maintain and expand its network in third-tier cities and frontier regions in China.
COLOMBIA	Pacific Midstream Ltd	PacificMidstream	75.00	Oil	To support the closing of the hydrocarbon and electricity transport infrastructure gap in Colombia by investing in oilfield services.
EGYPT, ARAB REPUBLIC OF	Cheiron Finance Ltd	PICO RBL	50.00	Oil and Gas	To support the continuing operations of the hydrocarbon exploration and production branch of the PICO Group in Egypt.
NIGERIA, FEDERAL REPUBLIC OF	Seven Energy International Ltd.	7 Energy Bond	50.00	Gas	To re-launch the bond by anchoring a commitment of up to \$40 million, in order to provide comfort to bond investors.
PAKISTAN	Engro Elengy Terminal Pakistan Ltd	Elengy Terminal	14.50	Gas	To finance the design, construction and operation of a LNG receiving, re-gasification and storage facility at Port Qasim, near Karachi.
PAPUA NEW GUINEA	Transform Exploration Pty Ltd	Transform Equity	18.32	Gas	To fund exploration activities in PNG and to fund future general and administrative expenses.
PARAGUAY, REPUBLIC OF	President Energy Plc.	PrezEnergy R1	4.00	Oil and Gas	Follow-on investment to fund continued exploration with the aim to develop two contiguous hydrocarbon blocks, Pirity and DeMattei.
SOUTHERN ASIA REGION	Cortes Farmin Ltd.	Niko Farmin	2.92	Gas	To develop and produce natural gas to meet the growing demand in Bangladesh and India.
TOTAL IFC OIL & GAS FINANCING			378.74		

IFC MINING FINANCING, FY15

COUNTRY/REGION	COMPANY	PROJECT	US\$M	TYPE OF MINERAL	DESCRIPTION
ARMENIA, REPUBLIC OF	Lydian International Ltd.	Lydian RI—2015	1.29	Gold	To fund continued exploration program and completion of feasibility study of Lydian's prospective project in Armenia.
COLOMBIA, REPUBLIC OF	Eco Oro Minerals Corp	Eco Oro RI	.25	Gold	Feasibility study, Environmental and Social Impact Assessment for prospective goldmine development.
COTE D'IVOIRE	Sama Resources Inc	Samapleu Rights	1.16	Nickel	Early stage exploration with an initial strategy to first build a small operation to produce nickel and copper concentrate.
GUYANA	Guyana Goldfields Inc	Aurora Gold	45.00	Gold	Greenfield project comprises construction and development of an open pit and underground gold mine, process plant, tailings management area and other associated facilities.
LIBERIA	Bea Mountain Mining Corp	New Liberty	11.28	Gold	Project entails the construction of a greenfield open pit gold mine located in the Grand Cape Mount County of northwest Liberia.
		New Liberty II	8.27		
MOROCCO	Kasbah Resources Ltd	Achmmach Tin II	1.31	Other Metals	Rights Issue to continue exploration program and works.
		Achmmach Tin III	.40		
NICARAGUA	Condor Gold Plc	Condor Gold	5.68	Gold	To fund the completion of feasibility studies of the La India gold project.
PERU	Tinka Resources SAC	Tinka	3.74	Zinc	To fund the completion of a drilling program and initial studies in the Ayawilca-Colquipucro projects towards the completion of a Preliminary Economic Assessment.
SOUTH AFRICA	Petra Diamonds Ltd	Cullinan	50.00	Diamonds	The Project entails the replacement of a more than 60 year-old processing plant at Cullinan diamond mine in South Africa.
TANZANIA, UNITED REPUBLIC OF	Peak African Minerals	Ngualla	3.17	Other Metals	The proposed investment is an early-stage investment preceding final feasibility studies to confirm the commercial viability of the deposit.
	Peak Reasources Ltd	Ngualla Listed	.79		
	Petra Diamonds Ltd.	Petra Warrants	3.44	Diamonds	To exercise warrants in the company it supports to expand the Williamson mine in Tanzania.
TOTAL IFC MINING FINANCING			135.78		

IBRD/IDA Extractive Industries Financing

IBRD/IDA OIL & GAS PROGRAM FINANCING, FY15

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
IBRD	TURKEY	Gas Sector Development Additional Financing	Oil and gas	400.00	To increase the reliability and stability of gas supply in Turkey by implementing critically needed gas storage and network infrastructure; and support Petroleum Pipeline Corporation of Turkey in strengthening its operations as a financially stable and commercially managed corporation.
IDA	KENYA	Kenya Petroleum Technical Assistance Project (KEPTAP)	Oil and gas	50.00	To strengthen the capacity of the Government of Kenya to manage its petroleum sector and wealth for sustainable development impacts.
TOTAL IBRD/IDA OIL & GAS PROGRAM FINANCING				450.00	

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.

IBRD/IDA OIL & GAS PROJECT FINANCING THROUGH GRANTS, FY15

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
	COLOMBIA	Colombia: Extractive Industries Transparency Initiative Implementation	Oil and gas	.25	To help support EITI Implementation.
	MAURITANIA	Mauritania—EITI Post-Compliance II	Oil and gas	.35	To further develop and institutionalize the EITI initiative.
	SEYSELLES	Seychelles: Extractive Industries Transparency Initiative Implementation	Oil and gas	.20	To help support EITI Implementation.
	UKRAINE	Advisory services and technical assistance to Naftogaz and the Government of Ukraine on the reform of the natural gas sector	Oil and gas	1.16	Advisory services and technical assistance to Naftogaz and the Government of Ukraine on the reform of the natural gas sector.
TOTAL IBRD/IDA OIL & GAS GRANT FINANCING				1.96	

Note: Grants for EITI implementation are used both for the mining and oil/gas sector in some countries.

IBRD/IDA MINING PROGRAM FINANCING, FY15

	COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
IBRD	ARMENIA	Second Development Policy Operation	Mining	7.50	To strengthen the business environment, improve access to credit, improve efficiency and transparency of the civil service, expand social protection, and improve fiscal space and the management of public infrastructure and environmental resources.
IDA	BURUNDI, FEDERAL REPUBLIC OF	BI Eight Economic Reform Support	Mining	5.00	To strengthen public finance management and budget transparency, promote private sector investment and economic diversification, and strengthen safety nets systems.
	MALI	Mali—First Recovery and Governance Reform Support Credit (RGRSC-1)	Mining	8.82	To deepen executive accountability and transparency, and to improve public expenditure efficiency.
	MOZAMBIQUE, REPUBLIC OF	Tenth Poverty Reduction Support Credit (PRSC X)	Mining	12.10	To improve business climate and to increase transparency in the management of extractive industries, strengthen social protection, and enhance public finance management.
	SIERRA LEONE, REPUBLIC OF	Sierra Leone—Emergency Economic and Fiscal Support Operation	Mining	8.70	To support the Government of Sierra Leone's efforts to respond to the challenges posed by the Ebola virus disease epidemic and thereby mitigate the negative economic and fiscal impact of the Ebola virus disease on the implementation of the Agenda for Prosperity.
	TANZANIA	TZ Sustainable Management of Mineral Resources	Mining	45.00	To strengthen the Government's capacity to manage the mineral sector to improve the socioeconomic impacts of large and small-scale mining for Tanzania and Tanzanians and enhance private local and foreign investment.
TOTAL IBRD/IDA MINING PROGRAM FINANCING				87.12	

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.

IBRD/IDA MINING PROJECT FINANCING THROUGH GRANTS , FY15

COUNTRY	PROJECT	SUB-SECTOR	US\$M	DESCRIPTION
AFGHANISTAN	Afghanistan Phase II—Extractive Industries Transparency Initiative	Mining	.30	To meet EITI requirements and support Afghanistan to become an EITI compliant country.
ETHIOPIA	Ethiopia: Extractive Industries Transparency Initiative Implementation	Mining	.30	To help support EITI Implementation.
GHANA	Ghana EITI—Post-compliance II	Mining	.40	To further develop and institutionalize the EITI initiative.
GUATEMALA	Guatemala EITI Post-Compliance I	Mining	.30	To further develop and institutionalize the EITI initiative.
MALI	Mali Post Compliance I: EITI Implementation	Mining	.40	To further develop and institutionalize the EITI initiative.
MAURITANIA	Mauritania—EITI Post-Compliance II	Mining	.18	To further develop and institutionalize the EITI initiative.
MONGOLIA	Mongolia EITI Post Compliance II	Mining	.35	To further develop and institutionalize the EITI initiative.
NIGER	Niger Africa Extractive Industries Trust Fund	Mining	1.50	To strengthen the institutional capacity of the government of Niger to negotiate mining and petroleum deals and monitor contractual and regulatory compliance in the extractive industries.
TOTAL IBRD/IDA MINING GRANT FINANCING			3.73	

Note: Many grant 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

MIGA EXTRACTIVE INDUSTRIES FINANCING , FY15

COUNTRY	PROJECT	SECTOR	GROSS EXPOSURE (US\$M)	DESCRIPTION
EGYPT, REPUBLIC OF	Egyptian Refining Company	Oil and Gas	23.40	Construction of a \$3.7 billion, 91,000 barrel per day hydro-cracking and coking facility in Mostorod, Greater Cairo. ERC will upgrade locally available refinery atmospheric residue into lighter products, such as diesel and jet fuel, for the domestic Egyptian market. The project will also include environmental upgrades to the adjoining facilities of state-owned Cairo Oil Refining Company and Petroleum Pipeline Company.
TOTAL MIGA EI FINANCING			23.40	

Annex C: Summary of IFC Extractive Industries Financings, FY15

Oil and Gas Projects

Excelerate Energy L.P. (Bangladesh)—InfraV-BanglaLNG Project. IFC was invited by Houston-based Excelerate to co-develop a floating liquefied natural gas storage and regasification import terminal to be located offshore Moheshkhali Island in south eastern Bangladesh. This will be the first private midstream project in Bangladesh. The Project will have the base load capacity to re-gasify 500 million standard cubic feet per day (mmscfd) of natural gas. Currently, Bangladesh has a gas shortage that is estimated to be around 300-400 million cubic feet per day (mmcf) and this will accelerate if this LNG import project does not materialize. The capacity of this facility is sufficient to provide natural gas for about 3,000 MW of power generation (in comparison, Bangladesh has about 7,000 MW of effective power generation capacity today). The Project will spur the development of a 91 km gas pipeline from the Project to Chittagong which in turn will provide access to gas to potential industrial and commercial users along the new pipeline.

China Gas Holdings Limited (China)—China Gas Project. China Gas Holdings Limited is a leading natural gas distribution company in China, listed on the Hong Kong Stock Exchange. The proposed IFC investment in China Gas will help finance its FY15 and FY16 capital expenditure program, which includes the expansion of its gas distribution pipeline network to reach gas consumers mostly in 3rd-tier and 4th-tier cities and townships, the construction of over 400 CNG/LNG natural gas stations to provide natural gas to replace diesel and gasoline as a transport fuel for taxies, buses and long-haul trucks, as well as the maintenance of its existing city gas pipeline network. The project will help reduce local pollution and GHG emissions by supplying natural gas to residential, industrial, and commercial as well as transport users through pipelines and CNG/LNG refilling stations, substituting coal and oil which are more polluting and carbon intensive fuels.

China Tian Lun Gas Holdings Limited (China)—Tian Lun Gas Project. China Tian Lun Gas Holdings Limited, headquartered in Zhengzhou, is a fast-growing natural gas distributor Company, listed on the Hong Kong Stock Exchange. The proceeds of the financing will be used to help finance the Company's 2015-2018 capital expenditure programs, which includes the expansion and acquisition of city gas concessions, construction

of CNG and LNG refueling stations, and construction of LNG plants. The project will help improve lives of a large population in third-tier cities and frontier regions in China by laying the infrastructure to provide access to affordable and clean energy. It will also supply natural gas to residential, industrial and commercial users through pipelines to substitute coal and oil, providing significant environmental benefits.

Pacific Midstream Ltd. (Colombia)—PacificMidstream Project. Pacific Midstream Holding Corporation is a new vehicle created by Pacific Rubiales Energy to hold its interests in hydrocarbons and electricity transport infrastructure assets, and expand Pacific Rubiales Energy's oil & gas infrastructure business. The IFC investment will support the closing of the hydrocarbon and electricity transport infrastructure gap in Colombia. This will result in substantial efficiencies through reductions in logistic costs and improvement of the economics of hydrocarbon fields, thus promoting further upstream investments, which are necessary, higher production and export revenues, and royalty revenues for the Government and increasing regional activity.

Cheiron Finance Limited (Egypt, Arab Republic of)—PICO RBL Project. The project is to support the continuing operations in Egypt of the hydrocarbon exploration and production branch of the PICO Group, PICO International Petroleum Group, including funding of additional development investments to delay the production decline of its mature Amal and Zaafarana fields, located offshore Gulf of Suez, exploration in the Company's existing licenses (minimal), refinancing and repayment of existing debt, and general corporate purposes, including potential acquisitions approved by IFC. Through this investment, IFC will support the development and growth of a junior, family-owned oil and gas company in its core operations in Egypt. The Project will lengthen the life of and help maximize hydrocarbon production from PICO exploration and production's mature fields and promote continued gas development in the Amal field. By increasing production and extending the output horizon of the fields, the Government of Egypt will also benefit from a longer period of higher fiscal revenues. Finally, as the company intends to grow internationally, IFC's stamp of approval will be helpful to demonstrate sound corporate governance, environmental and social practices and financial soundness.

Seven Energy International Limited (Nigeria)—7 Energy Bond Project. In February 2014, the Board approved IFC's \$75 million equity investment in Seven Energy International Limited, a Nigerian and UK based company whose goal is to become the leading gas midstream company in the southeast region of Nigeria by building and acquiring upstream assets and midstream gas infrastructure. At that time it was anticipated that the company would issue a bond to refinance existing debt and complement IFC's funding to support its capital expenditure program. The company has progressed as forecast, but has encountered difficulties in raising its bond. IFC has therefore been working with the company to re-launch the bond by anchoring a commitment of up to \$40 million, in order to provide comfort to bond investors. Due to the severe lack of gas availability in Nigeria, power from the grid is very erratic. In addition to today's unmet demand, more gas is necessary for the country to meet its targeted power generation capacity of about 20,000 MW by 2020. Seven Energy will contribute to producing and distributing both its own gas and that of third parties for domestic consumers. In addition, Nigeria flares the second largest amount of natural gas in the world, accounting for 10% of the flared total globally. By building gas infrastructure to transport gas to domestic users, Seven Energy will provide an alternative to flaring and supply a substantial amount of gas to demand centers.

Engro Elengy Terminal Pakistan Limited (Pakistan)—Elengy Terminal Project. Engro Elengy Terminal (Private) Limited (ETPL) has signed a 15-year LNG Service Agreement with the Sui Southern Gas Company under the terms of which ETPL will be responsible for the design, construction and operation of a 3 MTPA LNG receiving, re-gasification and storage facility at Port Qasim, near Karachi. This terminal will be the first LNG import facility in Pakistan and will enable the country to start importing LNG, thus helping it meet some of the growing demand for natural gas, particularly in the power sector. The Project involves use of a Floating Storage and Regasification Unit, which will store the imported LNG and regasify it before transporting the gas via a pipeline to the existing SSGC gas network near Port Qasim.

The project will support development of critical energy infrastructure needed to address the Pakistan's growing gas supply deficit, and support economic growth by enabling the import of natural gas as a feedstock for industrial and use and electric power generation. The investment will also enable increased use of a less carbon-intensive fossil fuel than imported heavy fuel oil and coal and increase revenues for

Government of Pakistan through taxes and increased income for Port Qasim Authority (a government authority) through royalty and lease payments.

Transform Exploration PTY LTD (Papua New Guinea)—Transform Equity Project. Established in 2012, Transform Exploration Proprietary Limited is an independent oil and gas exploration company located in Perth, Australia. Transform Exploration's main area of focus is the island of Papua, comprising Papua New Guinea (PNG) and Indonesian Papua. The proceeds from IFC's investments will primarily be used to fund exploration activities (seismic and drilling) on its current licenses in PNG and to fund future general and administrative expenses. While development benefits will be limited in the exploration phase, the expected impact from the development and monetization of currently stranded resources will likely include: significant fiscal revenues for both central and local levels of government as well as non-fiscal benefits for communities in the form of jobs, local economic development and infrastructure. Moreover, stringent environmental and social as well as transparency standards are expected to have a positive effect on the industry governance in the region and in the country.

President Energy Plc. (Paraguay)—PrezEnergy R1 Project. Project PrezEnergy R1 is a follow on investment to the FY14 original President Energy project. IFC funds are aimed to support President's exploration activities in Paraguay, where the company is focusing to develop two contiguous hydrocarbon blocks, Purity and DeMattei, both currently at a pre-drilling phase. President Energy's exploration activities, if successful will reduce the country's dependency on hydrocarbons imports, create a new source for royalties and tax revenues and create local employment and business opportunities along the value chain (production, transportation, distribution, maintenance and general services).

Cortes Farmin Limited (Southern Asia Region)—Niko Farmin Project. The financing will be used to fund the Company's capital expenditures in India and Bangladesh through 2016 and the refinancing of some outstanding debt. The proposed investment will support an important junior exploration & production player in the region in its effort to develop and produce natural gas to meet the growing demand in the region. In addition to providing the financing, IFC together with other anchor investors plan to help improve the Company's environmental and social management systems and corporate

governance which are considered critical by the Company for a future growth. The project is expected to support the development of natural gas resources in South Asia as a cleaner primary source of fuel to replace coal, oil and biomass, support the restructuring of one of the few junior E&P companies

with a focus on South and Southeast Asia and improve performance in E&S and operations, help promote and integrate cleaner and more sustainable environmental practices in the region, and contribute to increased fiscal revenues for the host governments.

Mining Projects

Lydian International Ltd. (Armenia, Republic of)—Lydian RI—2015 Project. Lydian International is a TSX listed junior exploration company focused on finding, acquiring and developing prospective assets in countries in Eastern Europe and Central Asia. IFC is exercising its preemptive rights to investment of another C\$1.63 million (equivalent of US\$1.3 million) to finance continued exploration and feasibility study work with respect to mineral resource properties on Lydian's prospective Amulsar gold project in Armenia.

Eco Oro Minerals Corp. (Colombia)—Eco Oro RI Project. Formerly known as Greystar Resources Ltd, Eco Oro Minerals Corp is developing an underground project in Angostura a gold-silver deposit in northeastern Colombia. It has acquired concessions covering approximately 30,000 hectares over a 15-year timeline. IFC's investment would be used to fund completion of the BFS, ESIA, and other needed ground works to prepare for the project development stage. Although the immediate development impacts from this investment will be limited, a successful project of this size would likely spur significant additional global mining interest in Colombia, and would have substantial impact on local community through direct employment and services and from government royalties and taxes.

Sama Resources Inc. (Cote d'Ivoire)—Samapleu Rights Project. Sama Resources, is a listed, Canadian-based junior mineral exploration company focused on Côte d'Ivoire aims to build a successful exploration and mining company with a focus on nickel and copper as well as platinum and palladium. The Project is relatively early on the development curve, but has the potential to host multiple deposits given its location in a new and prospective district in Côte D'Ivoire.

Guyana Goldfields Inc. (Guyana)—Aurora Gold Project. The Aurora Gold Project entails the greenfield construction and development of a gold mine in Guyana, about 170 kilometers west of Georgetown. The mine site is connected by a 150

kilometer access road (with a ferry crossing of the Cuyuni River at Tapir) to the Buckhall port on the Essequibo River. The project comprises an open pit and underground gold mine, process plant, tailings management area and other associated facilities. The Buckhall port facility will also be upgraded to accommodate ocean going vessels and will provide facilities for cargo, fuel and personnel handling during project construction and operations. The mine aims to produce 3.3 million ounces of gold over an initial 17 year mine life. Commercial production is expected to commence in 2015. The expected development impact from this project will include employment creation of about 700 to 900 jobs, fiscal payments in the form of royalties and taxes paid to government estimated at US\$850 million over the 17 year mine life or US\$50 million per year on average (based on US\$1,300 per ounce gold), and setting good benchmarks in environmental and social sustainability for other potential projects in the region.

Bea Mountain Mining Corporation (Liberia)—New Liberty and New Liberty II Projects. The New Liberty Gold Project entails the construction of a greenfield open pit gold mine located in the Grand Cape Mount County of northwest Liberia. The current Life of Mine ("LoM") is estimated to be eight years with an average gold production rate of 110,000 ounces per year. It is possible that the LoM would be extended through further exploration within and around the New Liberty deposit. The expected development impacts during the production phase would include fiscal receipts to the government in the form of taxes, royalties and foreign exchange contribution to the domestic economy and local economic development within an IDA country through the generation of much needed direct and indirect employment opportunities in the Project area. This will be the country's first commercial gold project.

Kasbah Resources Limited (Morocco)—Achmmach Tin II and Achmmach Tin III Projects. 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.

Condor Gold Plc. (Nicaragua)—Condor Gold Project. Condor Gold Plc. is a junior mineral exploration company registered in England and Wales and listed on the London Stock Exchange. The Company is focused on the development of its wholly-owned La India gold project located in Nicaragua. IFC's investment will support the development of La India towards achieving bankable feasibility stage and further exploration activities in the Nicaraguan properties. Generally, projects at pre-development stage have limited development impact. Yet even at such stage, Condor Gold has brought tangible benefits for the surrounding communities by providing some direct employment for the local population, as well as investing in social development programs in favor of the neighboring communities living in a very poor rural area in Central Nicaragua.

Tinka Resources SAC (Peru)—Tinka Project. Tinka Resources Corporation is a junior mineral exploration company registered in Canada and listed on the Toronto Stock Exchange. The Company is focused on the exploration and development of its wholly-owned Ayawilca-Colquipucro project, located in the department of Pasco in the central Andes of Peru. The Project is comprised of two deposits: Ayawilca (zinc) and Colquipucro (silver), developed under the same mineral concession. IFC's investment will be used to fund the completion of a drilling program and initial studies in the Ayawilca-Colquipucro projects towards the completion of a Preliminary Economic Assessment. Despite being at pre-development stage, Tinka has brought benefits to the surrounding communities through direct employment and, social development programs.

Petra Diamonds Limited (South Africa)—Cullinan Project. The Project entails the replacement of a more than 60 year-old processing plant at Cullinan diamond mine in South Africa. Cullinan is a 112-year old mine that was acquired by Petra Diamonds Limited ("Petra") from De Beers in 2008. The replacement of the processing plant will enable increased ore tonnage to be treated more efficiently and is expected to

result in higher recoveries through the use of better technology. The expected development impact for this project will include higher revenues to government through higher recoveries and increased efficiency/cost savings, energy efficiency through lower per unit power consumption, and community development through Petra's already established corporate social responsibility program.

Peak African Minerals (Tanzania)—Ngualla and Ngualla Listed Projects. Peak Resources Limited is an Australian junior mining company focused on advancing its wholly owned Ngualla Rare Earth Project in south western Tanzania. The proposed investment is an early-stage investment preceding final feasibility studies to confirm the commercial viability of the deposit. Generally, exploration projects have limited near-term development impact but even at this early stage, the proposed investment has shown tangible benefits for the surrounding community. The Project provides direct employment and training to the village of Ngwala, a rural community, in a region where formal employment opportunities are scarce and poverty levels are high. The community also benefits from a variety of community programs the Company has implemented, mainly in the educational field, and the purchase of local products. Should exploration lead to mine development and production, the mine could generate significant revenues for the government. The development of a rare earth project would also help diversify the mining sector which is currently predominantly driven by gold production. Additional future development impacts include an important demonstration effect of how large-scale mining may be developed in accordance with good international industry practices, environmental and social and transparency standards.

Petra Diamonds Limited (Tanzania)—Petra Warrants Project. IFC exercised warrants and continued to support an existing client, Petra Diamonds, in its capital expansion program of Petra's Williamson diamond mine in Tanzania ("Williamson"). The Williamson mine expansion program is expected to improve the economics of the mine substantially. Tanzania's Development Vision 2025 aims to increase the mining sector's contribution to GDP to 10 percent overall by 2025. The Williamson expansion, which aims to ensure the long-term and economic sustainability of a 70-year old mine, will support this government objective by setting an example and potentially attracting further investments into the Tanzanian mining sector.

Annex D: Summary of Objectives of IBRD/IDA EI Projects, FY15

Mining Projects

IBRD Financing

Armenia. The objectives of the *Second Development Policy Operation Project* for Armenia are to i) strengthening the business environment, ii) improving access to credit, iii) improving efficiency and transparency of the civil service, iv) expanding social protection, and v) improving fiscal space and the management of public infrastructure and environmental resources. The operation will focus on the five main policy areas. (1) The business environment with inspection agencies reform, trade facilitation through introduction of a one-stop-shop border clearance concept and establishment of joint border controls with Georgia, transparency and competition in aviation through open skies and a new institutional structure for government oversight. (2) Access to credit with enhanced credit reporting, an improved legal framework for secured transactions, bankruptcy and debt workouts. (3) Efficiency and transparency of the public administration through civil service reform, and through a legal and regulatory framework for e-commerce and e-governance. (4) Expansion of social protection. (5) Fiscal space and the management of public infrastructure and environmental resources through publishing the impact of tax expenditures and removing some of them, improving financial and technical sustainability of drinking water, irrigation, and roads, and introducing a new legal framework for environmental impact assessments in the mining sector.

IDA

Burundi, Republic of. The *Eighth Economic Reform Support Grant for Burundi (ERSG)* series covers three key areas, namely: (i) Strengthening public finance management and budget transparency; (ii) Promoting private sector investment promotion and economic diversification; and (iii) Strengthening safety nets systems. The implementation of the eighth ERSG coincides with the third year of implementation of the Second Poverty Reduction Strategy Paper (PRSP II) and operates parallel to the eighth ERSG. PRSP II aims at: (i) transforming the economy for rapid job-creating growth and food security; (ii) making growth more inclusive and sensitive to vulnerable groups; (iii) realizing the potential of the population with a thriving private sector by increasing trade with neighbors; and (iv) developing institutions to improve governance

and the quality of services. Under component one there are four sub-components: (a) streamlining tax expenditure; (b) strengthening strategic and budget planning processes; (c) reinforcing transparency of public finance management and procurement; and (d) managing the public wage bill. The Government's future reforms will continue to support private sector development with greater emphasis on export development and diversification. The critical role of export development and diversification in consolidating macroeconomic stability, accelerating growth, and job creation has been demonstrated in several analytical studies, in particular the World Bank's Economic Update.

Mali. The *First Recovery and Governance Reform Support Credit (RGRSC-1)* is the first development policy operation (DPO) of a programmatic series of two, which supports the authorities' efforts to: (i) deepen executive accountability and transparency, and to (ii) improve public expenditure efficiency. The series shares the objectives of the World Bank (WB) Group's interim strategy note (ISN) for FY14-15 discussed on June 18, 2014, and is fully aligned with the WB's strategy for Africa and its foundation on governance. The government faces in the short term the twin challenges of repositioning the Malian economy on a rapid and sustainable growth trajectory while boldly tackling governance challenges. The operation supports the authorities in their efforts to address these challenges. This includes on the one hand efforts to improve transparency, strengthen fiduciary and establishment controls, reduce opportunities for corruption and inefficient subsidies, and on the other hand to improve public investment management, accelerate public procurement, and build local government budget management capacity. In order to measure results on first project development objective (PDO1), the following outcome indicators will be used: (a) proportion of directors of projects, programs, public agencies, and state-owned enterprises recruited through a competitive process by external posting of vacancies; (b) public expenditure and financial accountability (PEFA) PI-18: effectiveness of payroll controls; (c) number of regional governments' accounts to be judged every year by the audit section of the Supreme Court; (d) proportion of demands of information addressed to ministry of economy and finance (MEF) regarding public finance which were satisfactorily addressed; (e) proportion of

assets declarations submitted in time to the Supreme Court; (f) number of extractive industries transparency initiative (EITI) reports validated, published on time and according to most recent EITI standards; and (g) proportion of mining conventions audited for compliance with respect to the mining code..

Mozambique, Republic of. The objectives of the *Tenth Poverty Reduction Support Development Policy Financing (PRSC-10)* for Mozambique are to: (i) improve business climate and to increase transparency in the management of extractive industries; (ii) strengthen social protection; and (iii) enhance public finance management. The Bank will focus on the main policy areas, including: (a) improving the business climate and increasing transparency in the management of extractive industries, by simplifying business regulations for promoting broad-based growth and enhancing the legal and institutional framework for the resource sector, (b) strengthening social protection, by reducing economic vulnerability through well-targeted social-protection policies, and (c) enhancing public finance management, by improving the management of public investments, debt and fiscal risks.

Sierra Leone, Republic of. The *Emergency Economic and Fiscal Support Operation to the Republic of Sierra Leone* is requesting funding to support the Government of Sierra Leone's efforts to respond to the challenges posed by the Ebola virus disease epidemic and thereby mitigate the negative economic and fiscal impact of the Ebola virus disease on the implementation of the Agenda for Prosperity. The program development objective is to ensure that (1) the Government's Ebola Response Plan can be executed through adequate budgeting and (2) transparent use of resources, consistent with strengthening longer-term fiscal management and transparency. This program document also seeks the approval of executive directors to provide the financing of the project from the Crisis Response Window (CRW) entirely on grant terms rather than on Sierra Leone's standard IDA terms as is prescribed for financing from the CRW. The use of grant financing is appropriate in light of the demonstrable regional and global positive externalities that will flow from mitigating the spread of the deadly virus in the affected countries and reducing the risk of it spreading to at-risk neighboring countries, as well as the rest of the world. The proposed operation is fully consistent with the Agenda for Prosperity and the government's program. The strategy maintains the main thrust and areas of focus of the second Poverty Reduction Strategy Paper (PRSP) and includes pillars covering: diversified economic growth;

managing natural resources; accelerating human development; international competitiveness; labor and employment; social protection; governance and public sector reform; and gender and women's empowerment.

Tanzania. The *TZ Sustainable Management of Mineral Resources* project is an additional credit in an amount of US\$45 million to the United Republic of Tanzania for the Sustainable Management of Mineral Resources Project (SMMRP). The original Project Development Objective (PDO) was to strengthen the government's capacity to manage the mineral sector, to improve the socioeconomic impact of large-scale and small-scale mining for Tanzania and Tanzanians and enhance private local and foreign investments. The additional financing retains the PDO of the original project but puts greater emphasis on the part which aims to improve the socioeconomic impact of large-scale and small-scale mining for Tanzania and Tanzanians. The scaling up would address the following challenges: difficulty in identifying suitable geological environment for artisanal miners, inadequate training and demonstration centers for artisanal and small scale mining (ASM) and lack of knowledge in value addition (faceting, carving and jewelry), marketing and financial access. To that end, the project expects to expand activities in two of the original components: component A, improving the benefits of the mineral sector for Tanzania (artisanal and small-scale mining, local economic development planning, and skills development); and component B, strengthening governance and transparency in mining. No new activities are anticipated for component C. The project retains the fourth project component (component D) intended for project coordination, management and monitoring and evaluation. In order to improve the socio-economic benefits of mining, the government has adopted a two-prong approach: (i) improving the linkages of large scale mining (LSM) with local communities through better integration of corporate social responsibility programs and local development planning in mine affected areas; and (ii) encouraging the formalization and sustainable development of ASM as a means of boosting local entrepreneurship and employment in mining.

Financing Through Grants

Afghanistan. *Phase II—Extractive Industries Transparency Initiative:* The overall objective of the grant is to meet EITI requirements and support Afghanistan to become an EITI compliant country. Other objectives are to help establish a sound EITI implementation mechanism to enhance the Government's

capacity to effectively regulate Afghanistan's minerals and hydrocarbon resources sector in a transparent manner, fostering private investment in the sector and ensuring that extractive industries benefit those who are most impacted.

Ethiopia. *EITI Implementation:* To help support EITI Implementation.

Ghana. *EITI Post Compliance II:* To further develop and institutionalize the EITI initiative.

Guatemala. *EITI Post Compliance I:* To further develop and institutionalize the EITI initiative.

Mali. *EITI Post Compliance I:* To further develop and institutionalize the EITI initiative.

Mauritania. *EITI Post Compliance II:* To further develop and institutionalize the EITI initiative.

Mongolia. *EITI Post Compliance II:* To further develop and institutionalize the EITI initiative.

Niger. *Niger Africa Extractive Industries Trust Fund:* To strengthen the institutional capacity of the government of Niger to negotiate mining and petroleum deals and monitor contractual and regulatory compliance in the extractive industries.

Oil and Gas Projects

IBRD Financing

Kenya. The objective of the *Kenya Petroleum Technical Assistance Project* is to strengthen the capacity of the Government of Kenya to manage its petroleum sector and wealth for sustainable development impacts. There are four components to the project, the first component being petroleum sector reforms and capacity building. The objective of component is to support strengthening the capacity of the Government of Kenya (GoK's) major institutions engaged in the development and governance of the petroleum sector to allow them to execute their mandates in a way that is conducive to investments while ensuring that safeguards and safety standards are met in accordance with international standards. The second component is the revenue and investment management, reforms and capacity building. The objective of component is to support strengthening GoK's capacity to manage revenue streams from the petroleum sector for sustainable development impacts. The third component is the sustainable impact of oil and gas industry reforms and capacity building. The objective of component is to support strengthening GoK's capacity to integrate the petroleum sector in its broader economy. Finally, the fourth component is the project management. The objective of component is to support the GoK in managing and coordinating the project and building its procurement, financial management, safeguards management, and monitoring and evaluation capacity through the provision of technical advisory services, training, acquisition of goods, and operating costs.

IDA Financing

Turkey, Republic of. The objective of the *Gas Sector Development Project* for Turkey is to increase the reliability and stability of gas supply in Turkey by implementing critically needed gas storage and network infrastructure; and support Petroleum Pipeline Corporation of Turkey in strengthening its operations as a financially stable and commercially managed corporation. The Project consists of two components: (a) gas storage facility; and (b) network expansion. The proposed additional loan would finance US\$400 million of the cost overrun in the Tuz Golu gas storage facility. Expected results have been modified accordingly.

Financing Through Grants

Colombia. *EITI Implementation:* To help support EITI Implementation.

Mauritania. *EITI Post-Compliance II:* To further develop and institutionalize the EITI initiative.

Seashells. *EITI Implementation:* To help support EITI Implementation.

Ukraine. Advisory services and technical assistance to Naf-togaz and the Government of Ukraine on the reform of the natural gas sector.

Annex E: Summary of Objectives of MIGA EI Projects, FY15

Oil and Gas Projects

Egyptian Refining Company (Egypt, Arab Republic of), Guarantee Holder: Deutsche Investitions-und Entwicklungsgesellschaft GmbH (DEG). On July 10, 2014, MIGA issued guarantees of \$23.4 million covering an equity investment by Deutsche Investitions und Entwicklungsgesellschaft mbH (DEG) of Germany in Egyptian Refining Company S.A.E. (ERC) in Egypt. The coverage is for a period of up to eight years against the risk of war and civil disturbance.

The project consists of the construction of a \$3.7 billion, 91,000 barrel per day hydro-cracking and coking facility in Mostorod, Greater Cairo. ERC will upgrade locally available refinery atmospheric residue into lighter products, such as diesel and jet fuel, for the domestic Egyptian market. The project will also include environmental upgrades to the adjoining facilities of state-owned Cairo Oil Refining Company and Petroleum Pipeline Company.

In addition to DEG, this project is supported by a number

of development finance institutions—among them the International Finance Corporation, the African Development Bank, and the European Investment Bank.

The project will optimize domestic production of low-sulfur refined products, thus addressing domestic consumer and industrial demand. It will also increase domestic capacity for upgrading locally available atmospheric residue into lighter products for the domestic market, bringing significant environmental benefits and savings through import substitution. ERC will make substantial contributions to government revenues through corporate taxes, customs duties on imported equipment, and sales taxes on domestic purchases. The project is expected to create 700 direct jobs, as well as employ 7,000 workers from nearby communities during the peak construction phase. ERC has already provided vocational training to local workers and expects to undertake over \$5 million in community investment outlays by the end of the construction period.

Annex F: Extractive Industries Publications

In FY15, the World Bank Group published research, policy and working papers on EI-related issues. Selected recent publications are listed below.

Adam Smith International. 2015. *Executive summary* Vol. 1 of *Institutional and regulatory assessment of the extractive industries in Myanmar*. Washington, D.C.: World Bank Group.

Adam Smith International. 2015. *Main report* Vol. 2 of *Institutional and regulatory assessment of the extractive industries in Myanmar*. Washington, D.C.: World Bank Group.

Atanesyan, Konstantin; Batra, Geeta; York, Nick; Heider, Caroline. 2015. *World Bank Group engagement in resource-rich developing countries: the cases of the Plurinational State of Bolivia, Kazakhstan, Mongolia, and Zambia*. Washington, D.C.: World Bank Group.

Banerjee, Sudeshna Ghosh; Romo, Zayra; McMahon, Gary; Toledano, Perrine; Robinson, Peter; Arroyo, Inés Pérez. 2015. *Le potentiel transformateur de l'industrie minière: une opportunité pour l'électrification de l'Afrique subsaharienne*. Directions in development; energy and mines. Washington, DC: World Bank Group.

Boratynski, Jakub; Kasek, Leszek Pawel. 2015. *Low oil prices: long-term economic effects for the EU and other global regions based on the computable general equilibrium PLACE model*. MFM Global Practice discussion paper, no. 3. Washington, D.C.: World Bank Group.

Camos Daurella, Daniel; Sleiman, Zaher; Stickley, Dennis C. 2015. *Support to the gas unit of the Lebanese Ministry of Energy and Water*. Washington, D.C.: World Bank Group.

Chuhan-Pole, Punam; Dabalén, Andrew L.; Land, Bryan Christopher; Sanoh, Aly; Smith, Gregory; Tolonen, Anja Karolina; Aragaon, Fernando; Andersson, Carl Magnus Ewald; Hall, Ola Daniel; Kotsadam, Karl Andreas; Lewin, Michael; Olaon, Niklas. 2015. *Socioeconomic impact of mining on local communities in Africa*. Washington, DC: World Bank.

Goffe, Valeriya. 2015. *Uganda—Leveraging oil and gas industry for the development of a competitive private sector in Uganda*. Washington, DC: World Bank.

Hassan, Fowzia; Penglis, Evangelos; Seferiadis, George N.; Araya, Marjorie K. 2015. *Transparency and social accountability in the Egyptian power sector*. MENA energy series. Washington, DC: World Bank Group.

Haven, Thomas Edward; Zolotarev, Andrey P.; Geffroy, Philippe Michel; Lindholm, Peter; Dou, Henri Jean Marie; Fleisch, Theodor Hermann; Millington, Dinara. 2014. *Feasibility study on the gas processing cluster creation in Khanty-Mansiysk autonomous Okrug—Yugra* Vol. 2 of *Russian Federation—Khanty-Mansiysk gas cluster development*. Washington, D.C.: World Bank Group.

International Finance Corporation. 2015. *Establishing Foundations to Deliver Community Investment*. Washington, DC: World Bank Group.

International Finance Corporation. 2015. *Sustain: Cutting-edge business solutions magazine in Extractive Industries*. Washington, DC: World Bank Group.

International Finance Corporation. 2015. *The Art and Science of Benefit Sharing in the Natural Resource Sector*. Washington, DC: World Bank Group.

Isik, Gozde; Toledano, Perrine; Opalo, Kennedy Ochieng. 2015. *Breaking out of enclaves leveraging opportunities from regional integration in Africa to promote resource-driven diversification*. Washington, DC: World Bank.

Johnson, Sally Diana Reay. 2015. *A national biodiversity offset scheme: a road map for Liberia's mining sector*. Washington, D.C.: World Bank Group.

Junquera-Varela, Raul Felix; Vostroknutova, Ekaterina. 2015. *Peru—Selected issues in fiscal policy: taxation and equity*. Washington, D.C.: World Bank Group.

Lee, Yue Man; Abriningrum, Dwi Endah; Johnson, Dave; Nair, Arvind. 2014. *Improving mining non-tax revenue administration in Indonesia*. Washington, DC: World Bank.

Madani, Dorsati H.; Sarsenov, Ilyas. 2015. *Kazakhstan—Low oil prices; an opportunity to reform*. Kazakhstan economic update, no. 1. Washington, D.C.: World Bank Group.

- Meisner, Craig; Berg, Katelijn van den ; Arystanov, Bakyt; Nielsen, Joan Maj; Mustafina, Vera; Nielsen, Erik Tais; Ni, Vadim; Novichkov, Boris . 2014. *Towards a strategy for industrial hazardous waste management in Kazakhstan*. Washington, DC; World Bank Group.
- Reinstein, David. 2015. *Capacity building for Uruguay's oil and gas sector: implementation report*. Washington, D.C.: World Bank Group.
- Santley, David John; Mathrani, Sunil W. 2015. *Viability of West Africa LNG imports*. Washington, D.C.: World Bank Group.
- Schuler, Philip M.; Lokanc, Martin. 2015. *Zambia economic brief: making mining work for Zambia*. Zambia economic brief, issue no. 5. Washington, D.C.: World Bank Group.
- Sun, Xiaolun. 2015. *The Plurinational State of Bolivia—Country program evaluation FY05-13: an independent evaluation* . Washington, D.C.: World Bank Group.
- World Bank. 2015. *A practical guide to increasing mining local procurement in West Africa*. Washington, DC: World Bank Group.
- World Bank. 2015. *Africa—Reducing environmental health risks from mercury use in artisanal and small scale gold mining in Africa region*. Washington, DC: World Bank.
- World Bank. 2015. *Egypt—Natural Gas Connections Project: implementation completion and results report*. Washington, D.C.: World Bank Group.
- World Bank. 2015. *Energizing Egypt*. Proceedings. Washington, DC: World Bank.
- World Bank. 2014. *Ethiopia—Extractive industries forum: Ethiopia's growth and transformation and its extractive industries sector—forum report*. Washington, DC: World Bank Group.
- World Bank. 2015. *Field measurements of black carbon emissions from flaring in Ecuador*. Washington, DC: World Bank.
- World Bank. 2015. *Guide pratique pour accroître l'approvisionnement local dans le secteur minier en Afrique de l'Ouest*. Washington, DC: World Bank Group.
- World Bank. 2015. *Guinea Ecuatorial—Plataforma de transparencia*. Washington, D.C.: World Bank Group.
- World Bank. 2015. *Indonesia—The Indonesia carbon capture storage (CCS) capacity building program: CCS for coal-fired power plants in Indonesia*. Washington, D.C.: World Bank Group.
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