

# EUROPEAN PARLIAMENT

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B5-0166/2004 }  
B5-0167/2004 }  
B5-0169/2004 }  
B5-0170/2004 }  
B5-0171/2004 } RC1

## **JOINT MOTION FOR A RESOLUTION**

pursuant to Rule 37(4) of the Rules of Procedure, by

- Anders Wijkman on behalf of the PPE-DE Group
- Richard Howitt, Linda McAvan and Margrietus J. van den Berg on behalf of the PSE Group
- Marieke Sanders-ten Holte on behalf of the ELDR Group
- Monica Frassoni, Didier Rod, Caroline Lucas, Paul A.A.J.G. Lannoye, Claude Turmes, Nelly Maes, Pierre Jonckheer, Patricia McKenna and Nuala Ahern on behalf of the Verts/ALE Group
- Yasmine Boudjenah on behalf of the GUE/NGL Group

replacing the motions by the following groups:

- PSE (B5-0166/2004),
- PPE-DE (B5-0167/2004),
- GUE/NGL (B5-0169/2004),
- ELDR (B5-0170/2004),
- Verts/ALE (B5-0171/2004),

on the World Bank-commissioned Extractive Industries Review

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PE 344.189}  
PE 344.190}  
PE 344.192}  
PE 344.193}  
PE 344.194} RC1

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## **European Parliament resolution on the World Bank-commissioned Extractive Industries Review**

*The European Parliament,*

- having regard to Rule 37(4) of its Rules of Procedure,
- A. whereas in the year 2000 World Bank President James Wolfensohn commissioned an independent study to examine the World Bank Group (WBG)'s support for oil, mining and gas projects within the context of the World Bank's affirmed mission of poverty reduction and promotion of sustainable development,
- B. whereas the Extractive Industry Review Commission presented in 2004 the results of a two year long multi-stakeholder process that included consultations with industry, civil society, academia and government on five continents, as well as research and project visits,
- C. whereas the recommendations of the Extractive Industries Review (EIR) report also concern European banks, the EIB and the EBRD, because many operations are jointly financed by the International Finance Corporation and the European banks and there are also implied consequences for the export credit agencies of the member countries,
- D. whereas all governments of the European Union must define their position regarding the conclusions of the report by April 2004,
- E. whereas the World Bank should use its influence to work with governments to develop and implement policies and mechanisms for the redistribution of revenues from resources for the benefit of local populations and, in particular, to effect poverty reduction,
- F. whereas the European Union Member States hold almost 30% of the vote on the Boards of the World Bank and the IMF and would represent an important factor in the World Bank decision-making process if a concerted EU approach were achieved,
- G. whereas the EIR report concludes that there is a role for the World Bank Group in the oil, mining and gas sectors, but only when the right conditions are in place to promote poverty reduction and sustainable development,
- H. whereas the EIR calls for a better balance between ecological, economic and social considerations, asking the WBG to reform its social and environmental standards and to implement those standards in order to make financial support conditional on 'good governance', respect for human rights by companies and governments, pro-poor achievements and sustainable development,
- I. whereas over the course of two years of examination, many examples were provided of oil projects that exacerbated poverty and harmed the environment,
- J. whereas the 2002 Operations Evaluation Department report on the extractive sector, an entirely internal report of the World Bank, reached the same conclusions as the EIR as

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PE 344.189}  
PE 344.190}  
PE 344.192}  
PE 344.193}  
PE 344.194} RC1

regards the failure of investment in the extractive sectors to alleviate poverty, and recommended improving governance and transparency as preconditions for lending for these extractive projects,

- K. whereas oil, minerals and gas are found in around 60 developing or transitional countries in which more than two-thirds of the world's poorest people are surviving on less than \$2 per day, and twelve of the world's most mineral-dependent states and six of the most oil-dependent are classed by the World Bank as Highly Indebted Poor Countries,
  - L. whereas countries that rely primarily on extractive industries tend to have higher levels of poverty, child mortality, civil war, corruption and totalitarianism than countries that have more diversified economies,
  - M. whereas the whole extractive sector represents only 2% of WBG activities, and the review has shown that this support is sought by governments or industry in those areas where governance is poor and the risk of human rights abuses or other forms of political risk are very high,
  - N. whereas the WBG as a multilateral institution sets world standards and, in order to accomplish its mandate of poverty alleviation through sustainable development, should use its leverage to support forward-looking industries in developing countries,
  - O. whereas the WBG should, to this end, promote energy efficiency and set targets for the enhanced use of renewable sources of energy,
  - P. whereas the WBG's abolition of incentives for fossil fuel extraction would be a critical market signal that renewables should become part of mainstream energy consumption,
  - Q. whereas even without WBG involvement, companies cannot assume that social and environmental abuses would go uncriticised; whereas, furthermore, the so-called 'Equator obligations' could serve as a welcome model, in which 20 commercial banks declared their intention to follow World Bank standards for projects financed even without World Bank involvement,
1. Strongly welcomes the initiative taken by World Bank President Wolfensohn to scrutinise the Extractive Industries sector (EIR) and hopes that the World Bank Group will demonstrate its commitment to sustainable development by adopting the EIR report's recommendations this fiscal year and by setting up a process for their implementation through changes to existing WBG policies and standards and development of new policies and procedures, with clear benchmarks and timetables and a fully resourced team; considers that the implementation process should be transparent and that the WBG should provide quarterly progress reports to the board, Member States and the public at large;
  2. Endorses, in regard to pro-poor governance, recommendations to promote transparency and good governance in public as well as private undertakings in the extractive industries;
  3. Calls for transparency in revenue flows and project investments from the extractive industry projects supported by the World Bank, the EIB, the EBRD and export credit agencies;

4. Supports the promotion of a dialogue between extractive industries and local communities with regard to new projects, and acknowledges the need for due compensation for infringements on their livelihoods and rights;
5. Calls on the Irish Presidency to consult with relevant ministers of Member States on the Extractive Industries Review with a view to reaching a common EU position prior to the World Bank Group Board meeting on 15 April in support of the report;
6. Calls on the Member States to raise the findings of the report in other national or international financial forums, such as the EIB, EBRD, national credit agencies, etc., to ensure that the problems explored are duly discussed and acted upon;
7. Calls on the Commission to adopt a process in order to reflect the spirit of the EIR recommendations in the EU environmental and social guidelines for economic and development cooperation and notably in its cooperation with the IMF, the World Bank, the EIB and the EBRD;
8. Calls on the Council and Commission to propose a regulation with the aim of coordinating the procedures and policies of the national export credit agencies of the Member States, in support of the implementation of the EIR findings;
9. Calls on the Commission to express a position in favour of the adoption of the EIR recommendations and their implementation when the European Development Commissioner is as usual invited to give a speech before the joint WB/IMF Development Committee during the 2004 Bretton Woods Institutions joint Spring meetings;
10. Calls on the Commission, Council and Member States to support notably the following demands of the EIR and to bring all their influence to bear with the aim of their full implementation:
  - (a) align the WBG's energy sector priorities with its environmental and social mandate,
  - (b) simultaneously increase its investments in renewable energy projects that can help meet the energy needs of the world's poor,
  - (c) ensure that a set of adequate governance conditions is in place before a project can go ahead, notably by
    - \* defining clear rules on the publication of the financial agreements between the governments and industry involved to combat corruption and allow the drafting of revenue-sharing agreements with local communities,
    - \* setting up a dispute settlement mechanism to arbitrate on any conflicts, which must be fully accessible to local communities,
    - \* excluding forced resettlements, conducting participatory assessments of potentially affected communities and ensuring that free, prior informed consent for potentially impacted

communities and indigenous peoples has been achieved; adoption of these principles should be informed and guided by the United Nations Permanent Forum on Indigenous Issues,

- (d) ensure that the projects it supports comply with international human rights law and all the core labour standards,
  - (e) demand full transparency in revenue flows and project investments from the extractive industry projects it supports,
  - (f) strengthen its Natural Habitats policy and refuse to finance extractive industry projects in protected areas, critical natural habitats and World Heritage sites,
  - (g) refuse to finance in areas of armed conflict or where the risk of an armed conflict is high,
  - (h) minimise its support for mines using toxic materials such as cyanide and mercury, and impose a moratorium on submarine tailings disposal;
11. Supports and welcomes recommendations on the promotion of renewable energy and on endorsing natural gas as a 'bridging fuel';
  12. Calls on the New Partnership for Africa's Development to take an active role in encouraging African governments to take on board the principles of the report and set high standards for achieving total transparency in dealings with extractive industries from third countries and indeed for publishing accounts from national companies;
  13. Stresses that any measures implemented to increase the transparency of payments and revenues must result in a legal mechanism that would require extractive companies to report publicly, on a country-by-country basis, aggregate taxes, fees and other payments made to government, which should prevent corrupt officials from obtaining confidentiality agreements which prevent companies disclosing revenue payments to governments;
  14. Calls for oil companies to comply with the Extractive Industries Transparency Initiative and for steps to be taken to ensure that national oil companies are subject to the same levels of transparency as regards payments and revenues as private companies;
  15. Instructs its President to forward this resolution to the Council, the Commission, the Member States, the President and Executive Directors of the World Bank, the Managing Director of the IMF and the Presidents of the EIB and the EBRD.