

Dr. Emil Salim
Eminent Person
Extractive Industries Review
Jakarta
Indonesia

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Dear Dr. Salim,

We write to you today out of great concern for the future of the Extractive Industries Review (EIR). Although we continue to be impressed by your personal integrity and dedication, it now seems clear to us that the EIR is deeply flawed. On the crucial points of openness, inclusiveness, independence, and comprehensiveness of the review, the EIR as it currently stands does not pass the test. At this point, the attempt to create a process that is independent of the World Bank and yet has Bank "buy in" appears to have failed. We ask that you consider the following points, and suspend the EIR process until these issues can be resolved.

We believe that for the EIR to be credible, the following reforms are necessary:

- *Independence:* A truly independent process, should be established that makes clear that the key decisions about the review will be made by you as the Eminent Person, with the input of your advisors, and not through constant renegotiation and exchanges of letters with World Bank staff. Such independence necessarily requires a secretariat that is (1) controlled by you and not the World Bank; (2) staffed as you see fit; and (3) housed apart from the World Bank-- , not, as at present, located in the International Finance Corporation on the same floor as the Mining Department.
- *Budget:* Budget authority should be clarified and the full budget for the EIR should be controlled by you as the Eminent Person. You should have full authority to determine the best uses of the review's scarce resources.
- *Terms of Reference:* The Terms of Reference should be revised through an inclusive process to ensure that the review is: comprehensive in scope; open to all ideas and alternatives; inclusive with regard to participation; and genuinely independent in the hearings, findings, documentation, research, conclusions and recommendations. We believe the current confusion about the TOR is a major obstacle to a credible and constructive process.
- *Expert Advisors:* An 'Expert Group' should be put in place composed of individuals selected by the major interest groups, which include but are not limited to affected communities, indigenous peoples and concerned NGOs, who would advise the Eminent Person, help guide the Regional Workshops and the Final Workshop and drafting process, and who would share the burden of hearing testimony, identifying and analyzing focused research and reviewing inputs, and ensuring the production of balanced reports that fairly summarize the information gathered by the process.

- *Workshop Procedures:* Clear procedures for the regional and final workshops must be established to ensure that the major interest groups - civil society, business and governments - are given unimpeded opportunities to present information and experiences, express their views and make recommendations. The role of the WBG at these meetings should be to observe and, upon direct request, make clarifications of fact. The Bank should not participate as an equal 'stakeholder' in these meetings, since this would not serve the goal of these consultations--to solicit local perspectives and experiences. Moreover, having the Bank as a 'stakeholder' in the meetings would enable the Bank to strongly influence the discussions it will later use as a basis for its recommendations to the Bank's board. This situation undermines the independence of the entire process.

- *Schedule:* The time frame for the review should be extended to allow sufficient time to ensure genuinely participatory workshops and well-prepared inputs to discussions. Given the continuing confusion about the secretariat, TOR, budget, and advisory bodies, the current proposal to hold the four regional workshops over the next four months is neither realistic nor likely to be very productive.

- *OED/OEG Review:* The current sequencing of activities proposed under the EIR does not make sense. The OED and OEG reviews of Bank involvement in the Oil, Gas and Mining sectors (OGM) will not be completed until June 2003. We believe it is only logical that the EIR, as an independent and public review of the World Bank Group's engagement in these sectors, should be informed by these findings. We note that just such an arrangement was agreed for the World Bank's 'Forest Policy Implementation Review and Strategy Development' process and is now being called for in the World Bank's Indigenous Peoples policy review. We thus recommend that the regional workshops planned under the EIR should be delayed until at least the first phase of the OED and OEG reviews of the Bank's engagement in OGM have been completed and their findings released.

Without these reforms, we believe that the EIR process is fundamentally flawed. We thus call for an immediate suspension of the process while a reformed process is negotiated and agreed.

Yours sincerely,

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