

Press release - For immediate release

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**NGOs fear that DRC mining contract review process has been hijacked
Time for authorities in Europe and North America to act**

(4 February 2008) – At the start of the Mining INDABA conference in Cape Town, an international coalition of non-governmental organizations warns that the DRC’s mining contract review process has been hijacked. NGOs say that it is increasingly apparent that new deals are being struck behind closed doors despite the lack of completion or transparency in the review process. The NGOs cite the announcement on 28th January that rights to two mining concessions previously held by the Katanga Mining Company have been transferred to China’s Sinohydro Corporation and the China Railway Engineering Corporation as part of the deal for the \$5 billion loan from China’s Exim Bank. NGOs would like the DRC Government to explain when and how this decision was reached.

The Congolese government’s silence about the measures that it has taken or intends to take to implement the recommendations of an inter-ministerial commission set up to review mining contracts has intensified the concerns of civil society groups. The Congolese government should publish a comprehensive plan for the renegotiation and cancellation of the mining contracts where appropriate, with a clear time-schedule and details of the methodology to be used, according to the coalition. “Publication of the report is essential if trust in the integrity of the revision process is to be restored”, say the NGOs. It is also imperative that adequate monitoring and reporting mechanisms be established, in order to ensure that the process is transparent and accountable. “The disclosure of vital information is a fundamental duty of any democratic government and the only guarantee that the parliament and civil society can fulfill their role in providing checks and balances”, say the NGOs.

The NGOs are calling on donor countries and multilateral institutions to publicly support an open and transparent process of renegotiation. Last November, the Congolese Minister of Mines at the World Bank’s Consultative Group Meeting in Paris promised the international donor community that the report of the inter-ministerial commission would be made public. The government is also required to provide such transparency under the clauses of the “Governance Contract” relating to natural resources management which was presented by Prime minister Antoine Gizenga in February 2007, the associated ‘Programme du Gouvernement (2007-2011)’ and the country’s Poverty Reduction Strategy and Growth Paper.

The NGOs also draw attention to the disturbing results of financial audits conducted by Ernst & Young which conclude that the financial management and accounting practices of a number of mining companies operating in the DRC have fallen far short of accepted

international standards. The NGOs are calling on prosecutors and stock exchange regulators in Europe and North America to examine the audits carefully and to consider whether there is sufficient evidence to trigger prosecutions. “It is high time that the Belgian, Canadian, US and British governments started living up to their professed dedication to poverty alleviation and good governance in the DRC by conducting their own investigations into the mining contracts of companies over which they have jurisdiction”, say the NGOs.

The NGOs are reminding all parties involved in the review that the reconstruction and development of the DRC can only be achieved by ensuring the fair and transparent exploitation of the country’s natural resources. The stakes of the mining contract review are extraordinarily high, as the credibility of the efforts of the new Congolese government and the international community to promote good governance in the mining sector as well as the future development of DRC more broadly depends on it.

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Notes for editors:

1. In October 2007, a ministerial commission mandated to examine joint ventures in the mining sector that were signed during the wars and the period of political transition, completed its work. The Commission sifted over 60 contracts into three categories: ‘A’ meaning the contracts were valid and did not need to be renegotiated; ‘B’ the contract needed to be renegotiated; and ‘C’, the contracts should be revoked. The Commission’s findings which were leaked to the press at the end of last October concluded that none of the contracts under review were valid. Despite strong pressure to disclose the content of the report, the government of the DRC has not yet made it public.
2. The Mining INDABA is a major international mining conference taking place in Cape Town, South Africa, from 4th -7th February 2008.
3. The 28th January announcement referred to the transfer of mining concessions Mashamba and Dikuluwe, previously held by the Katanga Mining Company.
4. Ernst & Young (France), the international auditing company, was commissioned by the World Bank and the DRC Government’s Commission on Public Sector Reform (COPIREP) to conduct an audit into a number of contracts between Gecamines and foreign parties (Contrat de consultant n° 24/COPIREP/SE/11/2004). The auditors carried out the work during two missions to the DRC; the first took place from 30 March to 22 May 2005 and a supplementary mission took place between 15 to 21 August 2005. The reports examine contracts between Gecamines and foreign parties. As is explained in the introduction to the audits, it took Ernst & Young one year to produce these reports because of anomalies, obstructions and missing data. The audits were completed on 26 May 2006. The companies whose contracts were audited include:

- i. Groupement du Terril de Lubumbashi (GTL) June 1997,
- ii. Société pour le Traitement du Terril de Lubumbashi (STL) September 1999,
- iii. Kababankola Mining Company (KMC) January 2001,
- iv. Société de Traitement des Rejets de Mutoshi (SRM) January 2001,
- v. Boss Mining December 2003,
- vi. Mukondo Mining December 2003,
- vii. La Société Minière de Kbolela et de Kipese sprl (SMKK) April 2004,
- viii. Compagnie Minière du Sud Katanga (CMSK) July 2004.

The audits can be found at : www.freewebs.com/contratsminiers.