

For immediate release
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**Plans by US, Canada and EU to finance massive copper mine in DRC
disregard Congolese government review of mining deals**

On July 12, the US government's Overseas Private Investment Corporation (OPIC) is set to give its backing to mining major Phelps Dodge/Freeport McMoRan for the company's Tenke Fungurume copper project in the Democratic Republic of Congo (DRC). Other public lenders such as Export Development Canada (EDC) and the European Investment Bank (EIB) are expected to follow suit. These financing plans are proceeding in spite of the fact that the Tenke deal is among 60 contracts currently under review by the Congolese government.

The Tenke project, in which American company Freeport McMoRan (formerly Phelps Dodge) and Canada's Tenke Mining together hold a majority stake, covers one of the largest copper-cobalt deposits in the world. Alleged irregularities associated with the acquisition and terms of the Tenke contract require careful assessment.

In May, the government of the DRC announced its intention to revisit mining contracts signed over the past decade, during the war and under the transitional government in place until last year's national elections. The review process, which got underway on June 18, responds to concerns raised in various audits, independent studies and a DRC parliamentary commission report, regarding the fairness and legality of the contracts. Organizations including the World Bank have cited concerns about mining contracts in the Congo, including: a lack of transparency in the negotiation and awarding of deals, undeclared conflicts of interest, the inclusion of ill-defined "management" fees and other questionable payments, a failure to properly assess Congolese assets and contributions to the deals, and the inclusion of disadvantageous terms to the Congolese government.

Although the review could lead to the cancellation or substantial revision of contracts, OPIC, EDC and EIB, are forging ahead with plans to invest hundreds of millions of dollars into the Tenke Fungurume mine. By signaling their interest in the project before the review is complete, these public financial institutions appear to be prejudging the outcomes of the process and sending a message to the Congolese government about the expected results with regard to the Tenke contract. Furthermore, this disregard for the government-initiated review could result in irresponsible investments.

The undersigned organizations demand that external governments respect a meaningful, objective contract review, and that public financial institutions postpone consideration of funding for mining projects in the DRC until the process has concluded. Congo's donors must support the revision of unfavorable contracts because the deals inherited from the war and transition jeopardize the capacity of the democratically elected government to rebuild the country. The United States, Canada and the EU have led the international community in encouraging the new Congolese government to prioritize good governance, transparency and accountability in the mining sector. The public financial institutions of these same countries have a responsibility to support, not undermine, these efforts. Not only should the institutions await the outcome of the review before taking any decisions, but they must ensure that any projects supported comply in full with their own policies and procedures.

While there are no guarantees that the contract review process will address all of the concerns raised about the fairness of mining deals in the DRC or their benefits for the people of Congo, the process should be allowed to proceed unhindered by outside influences and in full transparency. Its conclusions must not be prejudged.

For more information see:

'A fair share for Congo!' www.11.be/fairshare

Southern Africa Resource Watch www.sarwatch.org

Claude Kabemba “Resource Insight Special Edition: Guidelines for the Revision of Mining Contracts in the DRC: The Quest for justice, fairness, transparency and accountability,” (June 2007) in English (http://www.sarwatch.org/publications/guidelines/DRC_english.pdf) and French (http://www.sarwatch.org/publications/guidelines/DRC_french.pdf)

Endorsing organizations:

Avocats Verts, DRC

Les Amis de la Terre, France

Bank Information Center (BIC), US

Bretton Woods Project, UK

Centre d'Etudes pour l'Action Sociale (CEPAS), DRC

Entraide Missionnaire, Canada

Environmental Defense, US

Halifax Initiative Coalition, Canada

La Nouvelle Dynamique Syndicale, DRC

Réseau d'organisation des Droits de l'Homme et d'Education Civique d'Inspiration Chrétienne (RODHECIC), DRC

Rights and Accountability in Development (RAID), UK