

THE WORLD BANK IN THE DEMOCRATIC REPUBLIC OF CONGO

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OVERVIEW

The World Bank resumed lending to the Democratic Republic of Congo (DRC) in 2001, reversing the suspension of assistance that lasted throughout most of the 1990s. **In the past five years, the World Bank's International Development Association (IDA) has committed more than US\$2.3 billion in loans and grants for 14 projects and programs in DRC.** The majority of these operations have been classified as either "emergency lending," whereby full social and environmental assessments may be waived or delayed,¹ or adjustment loans for policy reforms and budget support, for which the Bank's social and environmental safeguard policies do not apply. Starting in July 2005, all World Bank IDA assistance to DRC will be provided as grants, which the DRC government will not have to repay, instead of loans.²

Additionally, the World Bank's private-sector arms, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), have supported four projects in the mining, telecommunications and financial sectors in the DRC. Recently the Vice President of IFC visited DRC and signaled that the IFC hopes to increase its investment activity in the country.

According to the World Bank, its lending to the DRC is designed to create stability and increase the government's capacity to provide basic services throughout the country. The Bank's own policies dictate an approach that should "do no harm" by taking special care not to trigger any causes of conflict. But many Congolese and international civil society organizations are concerned that the risks involved with the Bank's massive lending programs have not been fully assessed, and that adequate measures have not been developed to mitigate the risks that have been identified. In the lead-up to the national elections (currently scheduled for June 2006), there are increasing concerns about corruption and mismanagement of funds at all levels of government. These worries, however, did not deter the Bank from providing another fast-disbursing grant of \$90 million to the transitional government in December 2005.

Of particular concern is the World Bank's involvement in the forest and mining sectors, and its strategy to promote exploitation of the DRC's vast mineral and forest wealth as a main driver of economic growth. This emphasis on boosting natural resource extraction and encouraging increased private sector involvement in mining and forestry in an environment of weak governance, limited capacity and instability suggests that the Bank has paid inadequate attention to the role of natural resources in the DRC's devastating conflict. As the Expert Panel convened by the United Nations

¹ The Bank's O.P. 4.01 provides an exemption for emergency recovery projects from compliance with environmental assessment requirements. It states: "Emergency Recovery Projects: The policy set out in OP 4.01 normally applies to emergency recovery projects processed under OP 8.50, Emergency Recovery Assistance. However, when compliance with any requirement of this policy would prevent the effective and timely achievement of the objectives of an emergency recovery project, the Bank may exempt the project from such a requirement. The justification for any such exemption is recorded in the loan documents. In all cases, however, the Bank requires at a minimum that (a) the extent to which the emergency was precipitated or exacerbated by inappropriate environmental practices be determined as part of the preparation of such projects, and (b) any necessary corrective measures be built into either the emergency project or a future lending operation." See <http://wbln0018.worldbank.org/Institutional/Manuals/OpManual.nsf/toc2/9367A2A9D9DAEED38525672C007D0972?OpenDocument>

² DRC owes approximately US\$4 billion to multilateral creditors such as the World Bank and the International Monetary Fund (IMF). For more information on DRC's debt, see p. 5 of the Update.

Security Council has repeatedly pointed out, improved governance and institutional capacity to manage these sectors are critical prerequisites to ensuring that natural resource extraction does not fuel a resurgence of conflict. The most recent Expert Panel report notes there are still many areas of insecurity in the Ituri district, the Kivus and northern and central Katanga.³

This Update provides information on the World Bank Group's activities in the DRC, including upcoming or proposed operations, past projects and programs, and operations in the forest, mining, and energy sectors. The Update also includes links to additional resources and World Bank contact information.

UPCOMING WORLD BANK PROJECTS

Information below is excerpted from World Bank Project Information Documents, Integrated Safeguards Data Sheets, and Environmental Assessments, which are available at: <http://web.worldbank.org/external/default/main?menuPK=349500&pagePK=141143&piPK=51055560&theSitePK=349466>

A table listing all World Bank, International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) projects under implementation or completed since 2001 is provided in an annex at the end of this Update. For additional information on projects under implementation, see previous Updates at: <http://www.bicusa.org/bicusa/issues/africa/index.php#country>

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
<p><u>Education Sector Project</u></p> <p>Environmental Assessment Category B</p> <p>A social and environmental management framework and a resettlement plan have been posted (in French)</p>	February 28, 2006	\$130 million grant	<p>Project will support:</p> <ul style="list-style-type: none"> - Reduction of fees for primary school as well as free textbooks; - Improvements in training, salary and other structures for teachers; - Restoration of access to primary education specifically in areas most affected by conflict, including rehabilitation of approximately 250 schools and the National Pedagogical University; - Modernization and re-structuring of the legal governance, financing, and administration of the education sector. 	<p>Role of private sector in education.</p> <p>Proposes use of country systems for financial management: PID states that there is possibility to "use the country's own systems, with appropriate safeguards, to transfer earmarked budget support from the central ministerial and Treasury level, to schools using the teacher salary payment system."</p> <p>These reforms will be targeted in areas most affected by conflict and present an opportunity to include conflict resolution techniques in curriculum.</p>
<p><u>Enterprise Support Project</u></p>	September 28, 2006	\$100 million	Objective: Foster private-sector growth by providing	Worker retrenchment and unemployment, and relation to

³ See UN Panel of Experts reports at: <http://www.monuc.org/Documents.aspx?lang=en&categoryId=40&resourceId=1>

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
Environmental Assessment Category C; no EA will be prepared		grant	<p>direct support to enterprises of all sizes.</p> <p>Component 1: Providing direct support to Congolese enterprises through capacity building, access to finance, strengthening the business environment.</p> <p>Component 2: Continuation of public enterprise restructuring, including financing severance packages for retrenched workers (specific public enterprises to be determined).</p> <p>Component 3: Developing implementation arrangements, such as creation of an “employment agency.”</p>	<p>returning internally displaced peoples (IDPs) and DDDR.</p> <p>No information available on planned screening or assessment of impacts from supported enterprises.</p> <p>Potential loss of social services provided by public enterprises.</p>
<p>Multimodal Transport Project (MTP)</p> <p>Environmental Assessment Category A</p> <p>Sectoral EA will be prepared</p>	October 16, 2006	\$200 million adaptable program loan (grant?)	<p>First phase activities:</p> <ol style="list-style-type: none"> 1. Re-establishing road maintenance systems; 2. Rail track rehabilitation for the rail lines between Matadi and Kinshasa as well as the SNCC rail network in the Katanga region; 3. Airport terminal rehabilitation for Kinshasa international airport; and 4. Technical assistance in the concessioning and/or management contracting of the port of Matadi. <p>The project focuses on two specific transportation corridors as well as supporting ongoing nationwide road maintenance and rehabilitation activities:</p> <ul style="list-style-type: none"> - West/North-East Corridor – links DRC west coast to the 	<p>Potential impacts on forests, indigenous peoples, and resettlement: “the project will primarily affect local population living alongside rail network of the SNCC (i.e., south and south-east Congo) and the CFMK (i.e., corridor between Matadi and Kinshasa).”</p> <p>Limited scope of expected impacts; does not address potential effects of road rehabilitation on indigenous populations.</p> <p>Encourages private participation in infrastructure provision (through PPPs) without assessment of government capacity to enforce regulations on companies.</p>

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
			<p>eastern lakes region via the Congo River.</p> <ul style="list-style-type: none"> - West/South-East Corridor – links DRC west coast to south-eastern mining areas in the Katanga province and serves as a trade corridor to Angola, Zambia and South Africa. The main activity in this corridor will be the transfer of SNCC management to a private operator. 	
<p><u>Urban Water Supply Project</u></p> <p>Environmental Assessment Category B</p> <p>Borrower (DRC government) will prepare an Environmental and Social Management Framework (ESMF)</p>	<p>March 22, 2007</p>	<p>\$100 million grant</p>	<p>Component 1. Urban Water Supply: rehabilitating and reconstructing water treatment plants, improving the distribution network and financing connections to the distribution systems. Based in part on feasibility studies financed under the EMRRP IDA-funded Project), a priority list of works and proposed cities for inclusion will be approved by government at a workshop before appraisal.</p> <p>Component 2. Support to Sector Reform, Capacity Building, and Governance: help the government define the road map for the water sector reform, including a review of the water code. "Options for public-private partnerships (PPP) to improve utility performance on a pilot basis and in selected cities, will be developed during project preparation through two studies: the first funded by the PSDCP (CDSP) providing a diagnostic of Regideso, and the second proposed for funding by PPIAF which will provide an</p>	<p>Potential for involuntary resettlement and environmental impacts during infrastructure rehabilitation and construction.</p> <p>Encourages private participation in water sector through public-private partnerships (PPPs).</p>

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
			<p>action plan for the implementation of Private Sector Participation in the DRC water sector. These studies will also determine the specific cities where such PPP arrangements could be contemplated from public and private perspectives. The options for Private Sector Participation (PSP) will be selected during many workshops with the main stakeholders (Government, NGOs, civil society, private sector, etc.). In addition, communication programs will be implemented in order to: (i) guarantee a better understanding of the improvements intended by the reform by civil society and the main stakeholders; (ii) promote a dialogue with key stakeholders to achieve consensus-building needed for the reform; and (iii) enable the social environment to facilitate payment for water use.” (from ISDS)</p>	

DRC's **Poverty Reduction Strategy Paper (PRSP)** was expected to be completed by the end of 2005, but is still under preparation. The I-PRSP was finalized in June 2002.

DRC's **Country Assistance Strategy (CAS)** is under preparation and expected to be finalized after the Congolese elections. According to the Bank, consultations on the CAS have already been held in DRC.

The **IMF's Final Review under the Poverty Reduction and Growth Facility (PRGF)** for the DRC should be completed by April 2006.

THE WORLD BANK AND DRC'S DEBT

The DRC is one of the world's most heavily indebted poor countries, with a total external debt of \$10.5 billion and debt service payments comprising approximately 20% of the government budget (as of end 2004). According to the United Nation's 2005 Human Development Report, spending on debt service is more than double spending on health care in the DRC. More than a third of this debt is owed to multilateral institutions like the World Bank and IMF. The remaining approximately 62% is owed to private creditors and bilateral donors.

Given the high ratio of its debt to Gross Domestic Product (GDP), the DRC is eligible for some debt relief through the Heavily Indebted Poor Countries (HIPC) initiative—a program designed and administered by the World Bank and IMF to reduce the external debt of the world’s poorest countries. However, in order to enter the HIPC program, the DRC had to first pay off its \$570 million in arrears to the IMF. Following clearance of these arrears through a World Bank bridge loan, the World Bank and IMF approved DRC’s eligibility for assistance under HIPC in July 2003. This decision provided interim assistance on debt service payments subject to DRC’s compliance with macroeconomic conditions. Further policy reforms are required of the DRC government in order to be eligible for irrevocable debt cancellation (“completion point”). The conditions with which DRC has to comply to receive further debt relief are described in the “decision point” document available on the Bank’s HIPC website. According to World Bank, if these conditions are met, the DRC is expected to reach HIPC “completion point” in January 2007.

For more information:

World Bank’s HIPC website: <http://www.worldbank.org/hipc/country-cases/congo-dem-rep/congo-dem-rep.html> (See in particular box 6 on page 33, outlining conditions for accessing future relief.)

Jubilee Research: http://www.jubileeresearch.org/hipc/hipc_news/congo240903.htm

Jubilee USA: http://www.jubileeusa.org/take_action/DRCodious.pdf

American Friends Service Committee: <http://www.afsc.org/africa-debt/learn-about-debt/congo.htm>

THE WORLD BANK AND DRC’S FOREST SECTOR

According to the World Bank, the DRC has 125 million hectares of tropical rain forests and more than 75% of the Congo’s 55 million people are dependant on forests in some way. While the Bank claims its role in DRC’s forest sector is *“to advise the Government about how to promote sustainable forest management that benefits the Congolese people while avoiding unsustainable and destructive logging”*, the Bank’s portfolio has supported the DRC’s government’s efforts to make the forest sector a main engine for growth in the coming years.

In June 2002, the World Bank approved a \$450 million **Economic Recovery Credit (ERC1)** for the DRC. Release of \$15 million of the ERC1 allocated for forest-sector reform was conditioned on the adoption of a new forest code. Under the ERC1, the DRC government was required to implement a moratorium on the granting of new forest concessions until a transparent allocation process is adopted, review and clarify existing contracts, and increase the area fee (tax charged per hectare of forest in a concession) to \$0.5 per hectare/year.⁴

The DRC government adopted a new forest code in August 2002. Civil society groups in the DRC argue that the forest code was written and adopted without consultation with forest-dependent peoples and communities, and that accompanying decrees and regulations regarding community rights and forest management have still not been implemented.⁵ According to civil society observers, the only parts of the legal framework that have been adopted are those relating to the allocation of concessions; the legal decrees and norms relating to community rights and access to resources, the geographical planning basis, and protection of wildlife have yet to be elaborated.

Following ERC1’s support for forest sector reforms, the **Emergency Economic and Social Reunification Support Project (EESRSP)** approved by the Bank’s Board in September 2003, included a \$3 million component supporting the legal review of forest concessions and a pilot ‘forest

⁴ Some civil society groups have voiced concerns that this rate is still too low, and that there are no guarantees to ensure that tax revenues reach affected communities, despite requirements in the law regarding revenue sharing with local governments.

⁵ See Annex 22 to Inspection Panel complaint filed in November 2005:

<http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/Annex22.pdf>

zoning' project.⁶ The performance indicators for the project include the “*number of new concessions attributed in a transparent manner,*” requiring that by March 2008 “*at least ten new forestry concessions shall have been awarded.*”⁷

In response to civil society complaints regarding the lack of consultation with indigenous groups on the forest zoning process, the Bank recently posted a Q&A section on its DRC country page which states, “*The [pilot-zoning] exercise should offer a structured platform for consultation among all stakeholders and give priority to the participation of local communities, civil society organizations, and indigenous people to make their voices heard.*”⁸ According to the Bank, the forest zoning pilot project was dropped from the EESRSP in mid-2005, before implementation began. According to the Bank, the forest zoning pilot project will be pursued after the elections in the DRC through a separate Bank operation with dedicated funding. However, the Bank has not yet explained what the project will entail and when it will commence.

The moratorium on new logging concessions, initiated in May 2002, was accompanied by the cancellation of just over half of the existing logging contracts for the DRC, covering an area of 25 million hectares. The remaining contracts were to be converted into a new legal category called *concession forestière* for which companies were required to draft forest management plans. Despite the moratorium and review process, reports from observers in DRC indicate that over 15 million hectares of forest have been allocated in new concessions since the ban, and some 2.4 million hectares have been reinstated.

As a prior condition of its most recent budget support operation in DRC, the December 2005 **Transitional Support for Economic Recovery (TSER)** \$90 million grant, the Bank required a continuation of the moratorium until a legal review of concessions and a three-year geographical distribution plan of future concessions are completed. In response, the DRC government issued a presidential decree in October 2005 which upholds the moratorium until the completion of the legal review process and lays out criteria and a timeline for the legal review.

According to the October 2005 decree, an inter-ministerial committee comprised of civil society and private sector representatives, along with an independent expert, will assess all contracts not cancelled in 2002 and all concessions reportedly allocated, exchanged or reinstated since the moratorium was announced in 2003. The review is a three-step process and is expected to conclude by the end of 2006, with periodic reporting on the progress of the committee. Some local and international civil society groups have questioned the independence of the named members of the committee and called for a reconsideration of the committee's composition.

Civil society groups have also raised concerns about the inadequacy of the conditions outlined in the TSER for lifting of the ban on new concessions. They have emphasized the need to ensure that a participatory forest zoning process, involving local communities and indigenous peoples living in and around Congo's forests, is completed before any new forest contracts are issued.⁹ Otherwise, they

⁶ Management Response to Request for Inspection Panel Review of the Democratic Republic of Congo, February 2006, p. 5.

⁷ World Bank, Democratic Republic of Congo, Emergency Economic and Social Reunification Support Project, Technical Annex, August 22, 2003, p. 85 ; Development Financing Agreement, Emergency Economic and Social Reunification Support Project between Democratic Republic of Congo and International Development Association, Sept. 22, 2003, p. 36.

⁸ World Bank DRC country webpage,

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/CONGODEMOCRATICEXTN/0,,contentMDK:20779255~menuPK:2114031~pagePK:141137~piPK:141127~theSitePK:349466,00.html>

⁹ Read Congolese and international civil society declarations from the February 2006 Forest Forum in Kinshasa: Déclaration des organisations de la société civile au Forum sur les forêts et la conservation de la nature, Forum sur les forêts de la RDC, Kinshasa, 15 février 2006: <http://www.rainforestfoundationuk.org/files/DeclarationRRF.pdf>

argue, concessions could be allocated before there is any plan for the sustainable use of Congo's forests or guaranteed protections for traditional and customary land use rights. Concerns have also been raised about lifting the moratorium in the absence of the forest code implementation decrees, such as those relating to community rights.

Additionally, sources in the DRC continue to report illegal logging due to the government's lack of capacity to enforce the logging ban and to the proliferation of informal, illegal agreements made in contravention of the decrees.

Inspection Panel Investigation: In December 2005, Congolese civil society organizations, including representatives of forest-dependent indigenous peoples, filed a complaint to the World Bank's accountability mechanism, the Inspection Panel, concerning the impacts of forest sector reforms supported under the EESRSP and the then-proposed TSER project. The complaint alleged that the Bank's failure to comply with its safeguard policies in its promotion of forest sector reforms, such as forest zoning and the concession allocation system, was likely to harm indigenous, forest-dependent peoples. The claimants argued that the Bank had failed to respect its own policies and procedures by not undertaking adequate and timely impact assessments (the project was classified as environmental category "B," rather than highest risk rating "A", and the environmental assessment was completed more than a year after project implementation began), and by failing to trigger the operational directive that requires consultation with indigenous peoples regarding potential impacts of forest policy reform and land use plans.

In January 2006, the Inspection Panel conducted a visit to the DRC to investigate the eligibility of the claim, on the basis of which they recommended that a full investigation be undertaken. On February 28th, the World Bank's Board of Directors authorized the Inspection Panel to conduct a full investigation.

Key elements of the Bank Management's response to the complaint include, among others:

- * the Bank's acknowledgement that it did not properly apply its own internal 'safeguard policies', designed to ensure that it does not harm the environment and local peoples;
- * the Bank's acknowledgement that it was 'inappropriate' to set targets for the number of new logging concessions allocated as an indicator of the progress of World Bank projects.

For more information:

World Bank Inspection Panel: www.inspectionpanel.org

Greenpeace International: www.greenpeace.org/international/news/congo-moratorium-333

Rainforest Foundation UK: www.rainforestfoundationuk.org

Fatal Transactions: www.fataltransactions.org

United Nations Mission in DRC: www.monuc.org

World Bank Q&A on DRC Forests:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/CONGODEMOCRATICEXTN/0,,contentMDK:20779255~menuPK:2114031~pagePK:141137~piPK:141127~theSitePK:349466,00.html>

Declaration of international non-governmental NGOs working for the sustainable management of forest ecosystems in the DRC respectful of the rights and interests of local communities, Forest Forum of the DRC, Kinshasa, 15th February 2006:

http://www.rainforestfoundationuk.org/files/Int_NGOs_statement_DRC_Forest_Forum_02_2006_English.pdf

THE WORLD BANK GROUP AND DRC'S MINING SECTOR

The World Bank has been heavily involved in the DRC's mining sector since it reengaged in the country in 2001. The Bank's **Transitional Support Strategy (TSS)** for the DRC presents the natural resource sector as the key driver of the country's economic recovery, and the Bank's operations have sought to promote private-sector engagement in mineral extraction.¹⁰ One of the first loans provided by the Bank after 2001 was the \$450 million **Economic Recovery Credit (ERC1)**, a structural adjustment credit that required legal and institutional reforms, including the adoption of a new mining code, the privatization of the state-owned copper mining company, Gécamines, and the layoff of thousands of its employees. The new mining code was adopted in July 2002 and accompanying regulations were finalized in early 2003. In March 2003 the government committed to restructuring Gécamines and reducing the company's labor force. On the basis of these actions, the World Bank released the \$25 million mining sector portion of the ERC1 loan in June 2003.

Additional reforms in the mining sector were supported by the **Private Sector Development and Competitiveness Project (PSDCP)**, a \$120 million investment loan approved in July 2003. The PSDCP provided \$45 million in financing for the retrenchment packages offered to more than 10,000 departed Gécamines employees. The progress indicators for the PSDCP include increased foreign direct investment in mining and private sector participation in Gécamines.

New mining code: An analysis of the new Congolese mining code, conducted by scholars at the University of Quebec, reveals that the code strongly favors private-sector engagement in mining activities, limiting the role of the state to that of regulator, despite the government's lack of capacity to enforce private company compliance with environmental and social standards. Although the new code has taken some steps forward in its incorporation of greater fiscal transparency and environmental protection requirements for future mining operations, it is ambiguous on questions regarding responsibility for environmental liabilities of past operations. The code reduces some of the taxes on mining that provided a significant source of revenue to the Congolese government in the past and weakens requirements regarding companies' local processing of minerals, use of local labor and suppliers, and the provision of social goods. In an effort to eliminate discretion in the application of regulations to mining operators, the code provides clear, fixed parameters for tax rates, but sets them at a much lower overall level, as an incentive to encourage greater private sector investment. The royalty rates for various minerals in the 2002 code are all less than 4%.¹¹

Gécamines restructuring: Before its operations rapidly declined in the years leading up to and during the 1990s wars, Gécamines was the country's largest state-owned enterprise, with over 24,000 employees, and the most important source of foreign exchange for the DRC.¹² As a condition of the Bank's financing under ERC1 and with support under the PSDCP, the DRC government established a committee for the restructuring of Gécamines and laid off over 10,000 Gécamines employees from early 2003 to January 2004 in what was called a "voluntary departure program."¹³

¹⁰ See the January 2004 TSS on the Bank's website at: http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/03/09/000012009_20050309120753/Rendered/PDF/27751.pdf

¹¹ Marie Mazalto, *La Réforme des Législations Minières en Afrique et le Rôle des Institutions Financières Internationales* : La République Démocratique du Congo, April 2, 2004.

¹² World Bank, PSDCP, Project Appraisal Document, July 2003, p. 5.

¹³ At the time the Gécamines retrenchment program was implemented, many of the company's workers had not been paid for more than 8 months. With financing from the Bank, the government proposed a \$45 million departure program "outside of the existing collective bargaining agreement with the unions," thereby permitting "a rational restructuring of the mining sector to proceed." The solution supported by the Bank cost only about one third as much as the \$120 million separation package that would have been paid under the union's agreement (covering approximately 5 years of wages for each employee). The restructuring of Gécamines has resulted in the loss of social services formerly provided by the massive enterprise. Describing the impacts of the layoffs supported under ERC1, the Bank's implementation completion report notes: "[T]here have been no complaints regarding the Gécamines

The consulting firm International Mining Consultants (IMC) was hired in 2002 to prepare a legal, financial and technical audit of Gécamines and proposals for the privatization of the parastatal. According to Bank documents, the proposals include the creation of a 100% private subsidiary of Gécamines to take over its core assets and the installation of a private management team to oversee the company's operations for a transitional period. The audit included an examination of Gécamines' "partnership agreements" with private companies. Although the findings were not made public, the final IMC report was submitted to the Bank in November 2003. Virtually no action was taken on the report's recommendations for nearly two years. After significant delays in the government's approval of a restructuring strategy, a final contract was signed in late 2005 with the French consulting firm, SOFRECO, to manage Gécamines for 18 months, and a new Board of Directors for Gécamines was named in January 2006.

A World Bank trust fund financed an environmental audit of Gécamines, which was completed by Canadian consultant SNC-Lavalin and submitted to the Bank and government for review in April 2003.¹⁴ In 2005, the Bank commissioned additional studies, including legal and financial reviews of Gécamines' contracts by Duncan-Allen and Deloitte & Touche, respectively. The financial review is not yet complete. Aside from the environmental audit, none of the IMC reports or other recent reviews of Gécamines holdings have been publicly disclosed.

Recent developments: While the majority of the Bank's ongoing mining sector work is being financed through the PSDCP, the \$90 million **Transitional Support for Economic Recovery (TSER)** grant, approved in December 2005, includes "improving governance" of natural resources sectors among its objectives. The mining sector component of the TSER set conditions that the government of DRC had to fulfill in order to access the funding and progress indicators focused on: the application of the new mining code; the legal review of existing mining titles under an independent validation commission (established in September 2005); further restructuring of Gécamines; and increased revenue transparency.¹⁵ According to the TSER documentation, mining sector revenues and all taxes and duties paid will be published in accordance with the Extractive Industries Transparency Initiative (EITI).¹⁶ The review of mining titles is not yet underway, since the validation commission is still without an operating budget. The Bank reports that it has received a list of the mining titles subject to review, but this list is not publicly available. The TSER does specify, however, that a list of all validated mining titles will be disclosed.¹⁷

Concerns about mining contracts have increased in recent months, following the finalization of several large deals in 2005 and news from a parliamentary investigation into mining agreements signed during the wars and before the establishment of the transition government in 2003. The formal restructuring of Gécamines, supported by the Bank, has proceeded slowly. In the meantime,

departures program. However, its success created a problem: as the departing personnel included teachers and health care professionals, the continuity of services in these fields was threatened."¹³

¹⁴ The final version of this study, dated December 7, 2004, was disclosed as Volume 2 of the environmental assessment documentation for the PSDCP (July 2003). To read the document in French, see: http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000012009_20041207142559

¹⁵ The independent validation commission could be the Mining Securities Validation Commission, mentioned in the letter of development policy submitted to the WB in January 2004, which was supposed to have been established in February 2004 to "proceed immediately to a clean-up of mining titles with the objective of resolving at least 85% of the conflicts identified by the end of June 2004." See Program Document for the Post-Reunification Economic Recovery Project, February 4, 2004, p. 45.

¹⁶ TSER Program Document, p. 43.

¹⁷ Project documents for the TSER, describing the mineral sector reform objectives, can be found on the World Bank website at:

<http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P091990> (On mining sector reforms, Bank project objective and indicators of progress, see pp. 11 [paragraph 41 and 42], 18 and 40-43.)

the government has signed several contracts with private companies, reportedly transferring more than 70% of Gécamines' mineral resources in agreements that have been criticized as unfavorable to the DRC. Considerable uncertainty surrounds the current status of Gécamines' holdings and the implications of these deals. As of February 2006, the management company, SOFRECO, was still trying to assess what remains of Gécamines' assets.

A parliamentary investigation charged with reviewing contracts awarded during the wars of 1996-1997 and 1998-2003, known as the Lutundula Commission, has uncovered details about improper and illicit agreements, and ongoing illegal exploitation of natural resources in the DRC. The Commission, which was funded in part by the World Bank, submitted its report in June 2005, but it was only made public in mid-February 2006.¹⁸ The Lutundula Commission found that the majority of agreements signed with Gécamines from the mid-1990s through 2003 were negotiated without prior study of the mineral reserves being transferred or assessment of the capacity of the private companies to exploit the minerals—allowing speculative firms to grab concessions without developing the mineral resources, thereby depriving the government of revenues. The report suggests that Gécamines' weak position in these negotiations prevented the government from obtaining consistent or appropriate benefits from the partnerships.¹⁹ These findings were echoed by a subsequent independent review of several mining contracts awarded in 2005, conducted by a law firm on behalf of civil society organizations.²⁰

For more information:

Rights and Accountability in Development (RAID): www.raid-uk.org

Human Rights Watch: www.hrw.org/africa/congo

International Crisis Group: www.crisisgroup.org/home/index.cfm?l=1&id=1174

Global Witness: www.globalwitness.org

Pole Institute: www.pole-institute.org/site_web/publi/publi_rc.htm

Fatal Transactions: www.fataltransactions.org/

11.11.11.: www.11.be/index.php?option=content&task=section&id=8015

United Nations Mission in DRC: www.monuc.org

World Bank Supported Private-Sector Mining Projects

IFC's Aداstra Kolwezi/Kingamyambo Copper-Cobalt Tailings Project

In May 2005, IFC provided equity investment and shareholder loans of \$5.9 million to Aداstra Minerals Limited for the Kingamyambo mine in DRC's Katanga province, allowing it to obtain a 7.5% stake in the project, which it did in October 2005. Aداstra was formerly called American Mineral Fields, one of the companies listed in the original UN Panel of Experts report on the illegal exploitation of natural resources during Congo's conflict. The IFC financing was to help pay for the completion of a "definitive feasibility study" for the copper-cobalt tailings mine located at the site of a former Gécamines operation. The tailings are said to represent the world's largest surface deposit of cobalt.

The feasibility study was completed in early 2006, approximately six months later than originally planned.²¹ The cost of this and other preparatory studies for the project was exceptionally high, at nearly \$57.6 million. In its development phase, the Kingamyambo project will include the

¹⁸ The World Bank provided the commission with \$293,000 in August 2004, and an additional \$150,000 in January 2005, for a total of \$443,000. Lutundula Commission report, p. 21.

¹⁹ Lutundula Commission, pp. 98-99. A copy of the report can be found at : <http://www.freewebs.com/congo-kinshasa/>

²⁰ Letter and memo issued by British and Belgian NGOs, RAID, Broederlijk Delen and 11.11.11. See: http://www.raid-uk.org/news/DRC_contracts_27_Feb_06.htm

²¹ "Aداstra Receives Positive Kolwezi DFS and Completes ESIA," Aداstra website, March 8, 2006, http://www.am-min.com/downloads/news/ESIA_DFS_%208.3.06.pdf

construction of a greenfield processing plant, where metals extracted from the tailings will be converted into an exportable form. Civil society organizations have stressed that the local population must take part in decisions about the location of the facilities, and the design of accompanying impact monitoring and mitigation measures.

Part of IFC's rationale for supporting the project was to help catalyze further private investment under the new legal framework governing DRC's mining sector. IFC claimed that as the first private sector mining project under the new mining code, the Kingamyambo mine would have a demonstration effect and attract other private investors to the sector. Underscoring the centrality of natural resource extraction to the World Bank Group's strategy in DRC, the IFC wrote: "The country's mining sector offers the best prospect for generating significant economic activity in the near term." However the IFC conducted no analysis of the government's capacity to regulate and mitigate the environmental, social and economic impacts of the mining sector before supporting the investment.

Recent reports indicate that the IFC may be preparing further investments in private sector mining operations in the DRC in 2006 and 2007. The IMF's Article IV consultation report for the DRC, published in October 2005, states that "IFC is developing two potential mining investments, which would be among the first under the new Mining Code. In the financial sector, IFC plans to assist banks operating in the DRC with trade financing facilities, to help establish routine trade finance operations. IFC will work closely with the Bank in the context of the PSDC project to help implement specific sectoral initiatives and key investment projects."²²

For more information:

World Bank in the DRC, July 2005 Update:

<http://www.bicusa.org/bicusa/issues/africa/index.php#country>

Adastra: <http://www.am-min.com/index.cfm?fuseaction=kolwezi.home>

MIGA's Anvil Mining Dikulushi Copper-Silver Mine

Anvil's Dikulushi mine was the first extractive industries project to receive World Bank Board approval following World Bank Management's August 2004 response to the Extractive Industries Review (EIR). Following Board approval in September 2004, MIGA signed the final contracts with Anvil Mining Limited in May 2005, providing guarantees of \$13.3 million to cover the company's Dikulushi copper-silver mine in the DRC. The Dikulushi mine has been the subject of intense controversy since July 2005 reports revealed evidence of Anvil's alleged complicity in an attack by the Congolese armed forces that left nearly 100 civilians dead. According to press reports and accounts by local human rights organizations and the UN Mission in Congo (MONUC), Anvil provided vehicles to the Congolese armed forces in October 2004 as they violently suppressed an uprising in Kilwa, the town closest to Dikulushi, resulting in civilian deaths and other human rights abuses.

In August 2005, World Bank President, Paul Wolfowitz, asked MIGA's Compliance Advisor Ombudsman (CAO) to conduct an investigation of MIGA's due diligence on the Dikulushi project. Although the final report was submitted to Wolfowitz in October, it was not until civil society groups publicly pressed for its release that the compliance audit was disclosed on February 2, 2006.

The CAO report found systemic problems in the way MIGA, the Bank's political risk insurer, does business. According to the report, MIGA evaluated the risks of conflict to its client and the company's assets, but did not adequately consider the risks that the project poses to local communities in the

²² IMF, Democratic Republic of the Congo: 2005 Article IV Consultation Report, October 2005, <http://www.imf.org/external/pubs/ft/scr/2005/cr05374.pdf>, paragraph 18.

volatile Katanga region of the DRC. The CAO's investigation revealed that MIGA lacks the expertise to evaluate social risk or to ensure the implementation of measures aimed at protecting civilian rights, such as the US/UK Voluntary Principles on Security and Human Rights.

For more information:

Rights and Accountability in Development (RAID): http://www.raid-uk.org/work/anvil_dikulushi.htm

CAO report on Dikulushi: <http://www.cao-ombudsman.org/html-english/DemocraticRepublicofCongo.htm>

World Bank in the DRC, July 2005 Update:

<http://www.bicusa.org/bicusa/issues/africa/index.php#country>

Anvil Mining: <http://www.anvil.com.au/index.shtml>

THE WORLD BANK GROUP AND DRC'S ENERGY SECTOR

According to the World Bank, "DRC's hydropower potential is estimated to be over 100,000 MW, some 13 percent of the world's total", but only 6% of the country's population has access to electricity.²³ In an effort to tap this hydroelectric potential, the Bank has supported or proposed several energy-related projects for the DRC.

The Bank's **Emergency Multisectoral Rehabilitation and Reconstruction Project (EMRRP)**, approved in July 2002, supports the rehabilitation of energy infrastructure, as well as new electricity supply and distribution projects, providing approximately \$72 million for energy sector work. Activities supported by the EMRRP include the rehabilitation or development of six hydroelectric installations, including at Inga I and Inga II, as well as three thermal production plants.²⁴ Planned legal reforms include the drafting of a new law governing the energy sector and the restructuring of Société Nationale d'Electricité (SNEL), the national electricity company.

Engineering News reports that the private company, Ingérop, is managing the refurbishment of Inga I "on behalf of MagEnergy, the energy subsidiary of Canadian-listed MagIndustries, which entered into a partnership with [SNEL] in May [2005]."²⁵ MagIndustries plans to complete the construction of an aluminum smelter in Congo-Brazzaville and is interested in securing power supply from the DRC. African Mining Intelligence reports that the European Investment Bank will provide \$16 million to MagIndustries to support "financial feasibility studies of the three main parts of the program: development of a potash plant, construction of a magnesium smelter and rehabilitation of the Inga dam power plant."²⁶

BHP Billiton has also signed a memorandum of understanding with the DRC government to build a \$2.5 billion aluminum smelter in the province of Bas Congo. According to African Mining Intelligence, "the investment proper would be preceded by the construction of a deep water port either at Banana or Muanda and the development of a third power plant at the Inga dam to supply the smelter." The links between DRC's mining sector needs and hydropower development at Inga are becoming increasingly clear: "The announcement of several large mining projects in recent weeks should, at the very least, stimulate donors and banks to support the rehabilitation of the existing Inga I and II hydropower stations, and could well speed up the Westcor scheme's construction" (see below).²⁷

²³ World Bank, Memorandum and Recommendation of the President, EMRRP, June 20, 2002, p. 4.

²⁴ See Annex 4 of Technical Annex for EMRRP: http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2002/07/31/000094946_02071304010654/Rendered/PDF/multi0page.pdf

²⁵ Engineering News, <http://www.engineeringnews.co.za/eng/news/thisweek/?show=73602>

²⁶ African Intelligence, Issue No. 125, February 2006.

²⁷ African Energy, Issue 96, March 2006, p. 40.

In November 2003, the Bank approved a loan of \$178 million to the governments of Zambia and the DRC for the **Southern Africa Power Market Project** to support improved interconnectivity of electricity systems between countries, fostering electricity trade and encouraging private investment in the power sector. In DRC, the project will finance the rehabilitation of the DRC's power grid in order to facilitate inter-linkages with regional networks and energy exports to Southern Africa.²⁸ In addition to financing the upgrade and extension of transmission lines from Inga to Kolwezi and Fungarume (near large mining operations in Katanga), and facilitating linkages across the border into Zambia, the Bank's loan will finance environmental studies for the future expansion of the DRC power sector. This \$178 million loan is the first in a series of three proposed credits.

The objective of the first phase of the SAPM project is to enable DRC to export 500MW to southern Africa, to "take advantage of DRC's surplus hydroelectric generation potential."²⁹ According to Bank documents, the DRC has already secured contracts for the sale of this projected energy output. The SAPM finances the rehabilitation of the transmission system in DRC, as funding for the rehabilitation of power generation (such as at Inga I and II) is provided through the Bank's EMRRP. In SAPM's third phase (2006-2009) it is envisioned that the capacity of export from Inga to the Southern African Power Pool (SAPP) will increase to 800 MW.³⁰

According to Africa Intelligence Online, the World Bank is seeking co-funders for a proposed **Regional and Domestic Power Market Development Project** in the DRC which could come to the Bank's Board for approval in early 2007.³¹ African Energy reports that IFC intends to support this project, which would include the rehabilitation and expansion of Inga I and II, increasing capacity from 650 MW to 1,350 MW. The objective would be to rehabilitate the eight turbines of the two powers stations and build a second high voltage power line between Inga and Kinshasa. The African Development Bank is reportedly also considering providing financial support for the initiative.³²

The 100 meter Inga falls and rapids on the Congo River are reported to be the largest single source of hydropower in the world. In September 2005, five national power companies from the SADC countries of Botswana, Angola, Namibia, DRC and South Africa, signed the shareholding agreement for the Western Power Corridor project (Westcor) to construct the Inga III dam on the Congo River. DRC holds a 20% stake in Westcor. Proponents anticipate that the \$5 billion Inga III phase, which includes 3000 kilometers of transmission lines, will be commissioned in 2012 and would have a generating potential of 3,500MW.³³ This would be the first step towards the "Grand Inga" project—a series of more than 50 installations on the Inga rapids capable of generating 40,000 MW of electricity. The Chinese Three Gorges Corporation has also expressed interest in participating in the hydropower scheme. Additionally, there are reports of discussions between the DRC and Nigeria on the sale of energy from Inga to the Power Holding Company of Nigeria.³⁴

For more information:

International Rivers Network (IRN): www.irn.org/programs/congo

World Rainforest Movement (WRM): www.wrm.org.uy/bulletin/77/Congo.html

²⁸ World Bank, Southern Africa Power Market (APL1), Project Appraisal Document, http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2003/12/15/000090341_20031215100316/Rendered/PDF/268060ZA.pdf

²⁹ Ibid, p. 23.

³⁰ For more information on the SAPM, see documents available on the WB website: http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pid=P069258&ptype=advSrch&pcont=results

³¹ Africa Intelligence Online, N° 410 08/02/2006, "World Bank Seeks Funding for Inga"

³² African Energy, Issue 96, March 2006, p. 10.

³³ Terri Hathaway, "Grand Inga, Grand Illusions?" International Rivers Network, http://www.irn.org/programs/congo/index.php?id=050907illusions_eng.html

³⁴ Samuel Ibiyemi, "FG negotiates 39,000 mw electricity supply from Congo" http://www.financialstandardnews.com/news.asp?url_news=12

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ANNEX: WORLD BANK PROJECTS UNDER IMPLEMENTATION OR COMPLETED SINCE 2001

Information is largely excerpted from project documents which are available at:

<http://web.worldbank.org/external/default/main?menuPK=349501&pagePK=141143&piPK=399272&theSitePK=349466>

For additional information on projects under implementation, see previous Updates at:

www.bicusa.org/bicusa/issues/africa/index.php#country

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
<p>Emergency Multisectoral Rehabilitation And Reconstruction Project (EMRRP) – Supplemental Credit</p> <p>Environmental Assessment Category A</p> <p>Classified as emergency operation where environmental and social safeguard policy application was delayed</p>	December 8, 2005 Active	\$125 million grant	The additional credit will fill a financing gap in the EMRRP and support transport, roads, electricity, and water infrastructure rehabilitation, and social services.	<p>Infrastructure development/ rehabilitation and impacts on environment, local communities; especially with delayed safeguard policy implementation.</p> <p>EMRRP supports studies for revitalizing agro-industries, such as cotton and palm oil, which could have significant environmental and social impacts.</p> <p>Financial management and corruption concerns given size and scope of loan.</p>
<p>Transitional Support for Economic Recovery Operation</p> <p>Classified as “development policy lending” – formerly structural adjustment – or budget support operations to which the Bank does not apply social and environmental safeguard policies</p>	December 8, 2005 Disbursed/ Closed	\$90 million grant	The grant seeks to support public administration and fiscal management reforms, as well as reforms in the forest and mining sectors, including implementation of the forest and mining codes.	<p>See forest and mining sections in March 2006 Update.</p> <p>Congolese NGOs have submitted a claim to the Bank’s Inspection Panel asserting that this project could cause harm to communities by accelerating the extension and implementation of Bank-financed reforms in the natural resources sector, which groups assert do not comply with the Bank’s social and environmental policies.</p> <p>Supports government’s rural development strategy to revitalize agro-industries, such as palm oil, cotton, coco, coffee and rubber, which could have significant environmental and social impacts.</p>

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
<p>Health Sector Rehabilitation Project</p> <p>Environmental Assessment Category B</p>	<p>September 1, 2005 Active</p>	<p>\$150 million grant</p>	<p>The project relies heavily on NGOs for implementation. It builds on the health component of the EMRRP and supports: the implementation of the Ministry of Health's (MOH) Package of Essential Health Services (EHS) in 83 selected Health Zones in the provinces of Equateur, Katanga, Maniema, Bandundu, in addition to Kinshasa; malaria control interventions; monitoring and evaluation and project coordination.</p>	
<p>Emergency Living Conditions Improvement Support Project</p> <p>Environmental Assessment Category B</p> <p>Classified as emergency operation where environmental and social safeguard policy application was delayed</p>	<p>May 26, 2005 Active</p>	<p>\$82 million grant</p>	<p>The project expands the scope of the EESRSP to support infrastructure rehabilitation and social services delivery in medium urban centers, provincial capitals, isolated areas, and provincial institutions. Additionally, the project will support rehabilitation of the Lubumbashi - Kasenga road (RN 5) and the Zongo – Gemena – Akula road (RN6).</p>	<p>Infrastructure development/ rehabilitation and impacts on environment, local communities; especially with delayed safeguard policy implementation.</p> <p>Road rehabilitation and implications for forest and other natural resources extraction.</p>
<p>Emergency Social Action Project</p> <p>Environmental Assessment Category B</p> <p>Classified as emergency operation where environmental and social safeguard policy application was delayed</p>	<p>August 6, 2004 Active (effective July 2005)</p>	<p>\$60 million grant</p>	<p>The project supports a social fund mechanism to implement infrastructure, income-generation, capacity building and education activities. The project is executed by Le Fonds Social de la Republique Democratique du Congo (FSRDC).</p>	<p>Financial management of FSRDC.</p>
<p>Emergency Demobilization and Reintegration Project</p> <p>Environmental Assessment Category B</p>	<p>May 25, 2004 Active (effective October 2004)</p>	<p>\$100 million grant</p>	<p>The project aims to demobilize 150,000 ex-combatants in DRC, increase social and economic expenditures, and lower defense expenditures.</p>	<p>Slow progress of project implementation.</p>

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
Classified as emergency operation where environmental and social safeguard policy application was delayed				
Multisectoral HIV/AIDS program (MAP) Environmental Assessment Category B	March 26, 2004 Active (effective October 2004)	\$102 million grant	The project's objective is to reduce the risk of HIV/AIDS transmission and provide support for people living with HIV/AIDS.	
Post-Reunification Economic Recovery Credit (PRERC) Classified as "development policy lending" – formerly structural adjustment – or budget support operations to which the Bank does not apply social and environmental safeguard policies	February 26, 2004 Closed	\$200 million credit (loan)	The credit was disbursed in four tranches: (i) an immediate US\$85 million, followed by (ii) US\$47.5 million for "an end-of-service program" to pay delayed civil servant retirees as part of Government retirement program; (iii) US\$42.5 million to support repayment of government debt to domestic creditors; and (iv) US\$25 million for reform of utilities' billing and payment systems.	
Southern Africa Power Market Project (SAPM)	November 11, 2003	\$178.6 million credit (loan)	Restore capacity to deliver electric power to the Southern Africa Power Pool (SAPP), which comprises the power utilities of twelve southern African countries including DRC. The loans aim to improve interconnectivity between the countries and increase capacity at DRC's Inga hydropower project, eventually paving the way for development of Inga 3 and Grand Inga.	See energy section in March 2006 Update.
Emergency Economic and Social Reunification Support Project (EESRSP)	September 11, 2003 Active (effective	\$214 million (\$164 million	The project finances large infrastructure, urban rehabilitation, and community development in the reunified	See forest and mining sections in March 2006 Update Congolesse NGOs have

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
<p>Environmental Assessment Category B</p> <p>Classified as emergency operation where environmental and social safeguard policy application was delayed</p>	December 2003)	grant and \$50 million credit)	provinces. The project also supports forestry reforms (it was supposed to support a pilot forest zoning project).	submitted a claim to the Bank's Inspection Panel asserting that the Bank has failed to comply with its policies in the preparation and implementation of the EESRSP.
<p>Private Sector Development and Competitiveness Project (PSDC)</p> <p>Environmental Assessment Category B</p>	July 29, 2003 Active (effective December 2003)	\$120 million credit (loan)	The project supports public enterprise reform of the mining, telecoms, financial, transport, and energy sectors, economic development in Katanga, and improvement of the investment climate. One of its key objectives is to facilitate the restructuring of Gecamines and the implementation of mining code that was initiated under the ERC.	See mining section in March 2006 Update.
<p>Emergency Multi-Sector Rehabilitation and Reconstruction Project (EMRRP)</p> <p>Environmental Assessment Category A</p> <p>Classified as emergency operation where environmental and social safeguard policy application was delayed</p>	August 6, 2002 Active	\$454 million credit (loan)	The EMRRP includes subcomponents for infrastructure rehabilitation and reconstruction (roads, water supply, electricity, urban services, rail and air transport) and for agriculture, social services, community development, and development of medium and long term sector strategies.	<p>Infrastructure development/ rehabilitation and impacts on environment, local communities; especially with delayed safeguard policy implementation</p> <p>EMRRP supports studies for revitalizing agro-industries, such as cotton and palm oil, which could have significant environmental and social impacts.</p> <p>Financial management and corruption concerns given size and scope of loan.</p>
<p>Economic Recovery Credit (ERC1)</p> <p>Classified as "development policy lending" – formerly structural adjustment –</p>	June 13, 2002 Closed	\$450 million credit (loan)	Most of the ERC funds went to repay donors that provided bridge loans to clear DRC's "arrears" to the World Bank and the IMF (odious debt accrued during Mobutu's regime). Revisions of the	See debt, forest and mining sections of March 2006 Update.

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
or budget support operations to which the Bank does not apply social and environmental safeguard policies			mining code and the forestry code of DRC and sector reforms were also supported by the ERC.	
Emergency Early Recovery Project (EERP) Classified as “development policy lending” – formerly structural adjustment – or budget support operations to which the Bank does not apply social and environmental safeguard policies	July 31, 2001 Closed	\$50 million grant	The EERP supported economic reforms, a pilot community-driven development initiative, HIV/AIDS activities, and rehabilitation of the Kinshasa-Matadi road.	

World Bank Private-Sector Projects (IFC and MIGA)

Information below is largely excerpted from project documents which are available at: [http://www.ifc.org/ifcext/spiwebsite1.nsf/SearchView?SearchView&Query=\(FIELD%20Country%20=%20"Congo,%20Democratic%20Republic%20of"\)%20AND%20\(\(NOT%20FIELD%20HideFromWeb%20=%20True\)\)&SearchOrder=4&SearchMax=200](http://www.ifc.org/ifcext/spiwebsite1.nsf/SearchView?SearchView&Query=(FIELD%20Country%20=%20) and <http://www.miga.org>

For additional information on projects under implementation, see previous Updates at: www.bicusa.org/bicusa/issues/africa/index.php#country

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
IFC: Kolwezi Kingamyambo Musonoi Tailings (KMT) Project Environment Assessment Category B	May 12, 2005	IFC equity investment of \$5.9 million to acquire a 7.5% stake in KMT	The project supports the finalization of a definitive feasibility study (DFS), including marketing, technical, and environmental and social impact studies, for the re-treatment of tailings from the Kolwezi copper-cobalt mine in Katanga.	Facilitates mining activity in volatile Katanga province. Project involves construction of greenfield processing plant, posing significant environmental and social risks. Lack of requirements regarding public consultation on selection of plant site, monitoring and impact mitigation.

Project Name and Environmental/Social Category	Projected Approval Date	Amount	Key Components (from World Bank documents)	Civil Society Questions and Concerns
<p>MIGA: Anvil Mining's Dikulushi Copper-Silver Mine</p> <p>Environmental Assessment Category A</p>	September 8, 2004	\$13.3 million in political risk guarantees	MIGA's guarantees cover an investment and loans by Anvil Mining Ltd. of Canada and RMB International (Dublin) Limited of Ireland to Anvil Mining Congo, SARL, of the Democratic Republic of Congo (DRC) to expand their copper-silver mine in Katanga.	<p>Violence and instability in the region, possibly linked to mining activities.</p> <p>Unclear benefits for local communities; delayed implementation of social fund initiatives.</p> <p>Inadequacy of MIGA's due diligence, assessment of project risks to local population.</p> <p>CAO compliance audit (Jan 06).</p>
<p>IFC: Pro Credit Bank SARL Democratic Republic of Congo</p> <p>Financial Intermediary</p>	September 1, 2004	IFC investment: purchase of up to 15% of the common shares of the company for up to \$0.5 million equivalent. Up to \$0.5 million TA grant	The project consists of the establishment of Pro Credit Bank SARL which will "provide credit and other financial services to private micro and small enterprises and individuals." The project sponsor is Internationale Micro Investitionen AG (IMI) from Germany.	No publicly available information on screening and selection of enterprises and individuals receiving credit, or project impacts.
<p>IFC: Celtel DROC II</p> <p>Environmental Assessment Category B</p>	June 12, 2003	\$20 million IFC A loan	Celtel Congo operates a mobile telephone network in the DRC. The purpose of the project is to improve Celtel DRC's existing operations by building a long distance backbone from Kinshasa to Matadi and to Congo Brazzaville and expand its network to other towns and cities.	<p>Impacts of expansion of physical infrastructure for cellular network.</p> <p>Who owns Celtel?</p> <p>What are the revenues or benefits to DRC government and public?</p>