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Vice President Gobind Nankani's Reply to NGOs on the Mining Sector in DRC

[French version](#)

Gobind t. Nankani The World Bank
 Vice President, Washington , D.C. 20433
 Africa Region U.S.A.

March 17, 2006

RAID
 PO Box 574, Oxford
 Oxford OX2 8ZU2
 United Kingdom

Broederlijk Delen
 B-1000 Brussels
 Belgium

11.11.11
 Vlasfabriekstraat 11
 B-1060 Brussels
 Belgium

Subject: DRC - Mining Sector

Dear Ms. Feeney, Mr. Claessens and Mr. Vanden Berghe,

Thank you for your letter to Mr. Paul Wolfowitz of 27 February, 2006 concerning the mining sector of the Democratic Republic of the Congo. I can assure you that issues raised in your letter have been at the heart of our dialogue with the Government in DRC.

Like you, we believe in the critical importance of restoring mining capabilities in DRC in a way that will benefit the populations and alleviate poverty. Our involvement in the sector is ongoing on various fronts. We have supported the adoption of a mining code in 2002, and the restructuring of the mining cadastre. We have also helped the Government in joining the Extractive Industry and Transparency Initiative (EITI), and will be following up on its implementation. Further, we are providing support in the preparation, and then, implementation of the restructuring of GECAMINES.

With respect to restructuring of GECAMINES, the IMC report was a scoping study to lay out the various options to assist the Government to take informed decisions regarding its restructuring. SOFRECO is in the process of producing a business plan for GECAMINES that will help determine its future. On this aspect, the Bank did not share IMC's views that GECAMINES should be re-launched as a full fledged mining company. Instead, our view, shared with DRC's Government, has been that the mining potential would regain faster if GECAMINES were to be transformed into a financial holding with limited production activity, drawing as much as possible on private partnerships to restore production in the most effective way.

On the basis of concerns noted in the IMC report, the Bank advised the Government to immediately launch independent audits to assess the validity of each mining title. Seventy partnership agreements and other titles are currently under review by independent auditors. Our concerns have been echoed by the United Nations and USAID. As soon as the audit reports become available, we intend to discuss their findings with the Government to ensure that remedial actions are taken on issues that might be identified in the report.

I also wish to address the issue raised in your letter on re-insertion of GECAMINES employees. The Bank, through the Private Sector Development and Competitiveness project, has made available substantial funds to allow over 10,000 employees over the age of 55 years to opt for early retirement. The payments made to the employees were agreed with the trade unions and included various indemnities plus arrears in salaries. Additionally, the project funded re-training programs, matching grants for the retired employees and other actions, some of which are currently being conducted by the NGO PACT. An independent survey concluded that over 93% of the employees have found new jobs. We are also providing funds to the Government to support schools, clinics and hospitals that used to be managed by GECAMINES.

Our team would be happy to meet with you to discuss further these important issues if you so wish. To this effect, please contact Mr. Michel Wormser (mwormser@worldbank.org) or Mr. Ivan Rossignol (irrossignol@worldbank.org).

Sincerely,

Gobind Nankani
 Regional Vice President
 Africa Region

Cc: Paulo Gomes, Executive Director for Democratic Republic of the Congo

Cc: Messrs. P. Wolfowitz; N. Tcheyan (AFRVP); M. WORMSER (AFTP); J. McIntire (AFTSD); P. Alba (AFC09); D. Ba (AFTPS); J-M. HAPPI (AFMCD); M. Mantovanelli (AFREX); P.A. van der Veen, C. Andrew (COCPO); I. Rossignol (AFTPS); AFTPS-Iris

Prepared by: Ivan Rossignol (X 30105)
Contact Person: Veronique Gorce Devincenti (X 37260)



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