

# DRC's Kipoi Copper Mine and International Finance Corp. (IFC) Performance Standards:



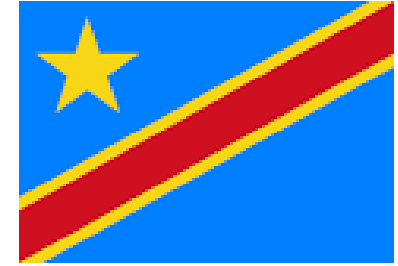
the role of development finance in mining vs. what we observed



MET July 2021



# Kipoi copper mine context



GNI per capita, Atlas method (current US\$): 550 (PPP: US\$1,100)

DRC ranks 175 out of 189 countries on the 2020 Human Development Index.

**Human Capital Index** is 0.37%, below the SSA average of 4.0.



# Why Did IFC Invest US\$50 million?

- ***Growth of the private sector in developing countries?*** Supporting an Australian company, Tiger Resources (95% owner)
- ***Creating new markets?*** Copper is a global commodity
- ***Mobilizing other investors?*** Maybe...Tiger Resources started exploiting the Kipoi site in 2011; Tiger had a market cap of A\$350 million and was listed on Australian Stock Exchange.
- ***Sharing expertise?*** No evidence of this. Expat staff was steady around 15, or 5% of the total.
- *"In doing so, we create jobs and raise living standards, especially for the poor and vulnerable."* **This did not happen!**

# Why Did IFC Invest, Really?

- Reclamation/removal of the 2 existing tailings storage facilities
- Construction of a new engineered tailings storage facility
- Construction of additional cells...with increase in design capacity to 32.5 ktpa.

**BUT**

- Last published financials (2018) show production of only 19 ktpa.

# *Performance Standards*



## *Kipoi Risks and Impacts:* Pre-existing environmental, health, and safety issues

- 1) occupational and **community health and safety**;
- 2) dust control;
- 3) **waste management**, including hazardous waste and management of mine residue deposits;
- 4) **water management**;
- 5) hazardous materials management; and
- 6) transportation risks on roads leading to the site.

**Social risk:** community expectations. “The company will ...strengthen its **community engagement** and **community investment** initiatives.”

**Not addressed**



# Which Performance Standards were applied? Which PSs *should have been applied*?

- 1: Assessment and Management of Environmental and Social Risks and Impacts
- 2: Labor and Working Conditions
- 3: Resource Efficiency and Pollution Prevention
- 4: Community Health, Safety, and Security
- 5: Land Acquisition and Involuntary Resettlement
- 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources



## Results of IFC's Investment/Divestment?

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- Trees replanted in the site
- 2 new wells
- Agricultural input loans--halted in 2018
- No capacity expansion
- Tiger Resources de-listed

Vs. what we should see...



# Findings & Recommendations

- Lack of accountability for impacts
- Lack of disclosure
- What IFC needs **clients** to do
  1. fully disclose relevant information to local communities
  2. maintain regular communication with them, and
  3. provide and sustain promised benefits:
    - schools, health clinics,
    - water access, community electricity
    - employment training
    - agricultural support



# Unanswered Questions for IFC

- What were the **impacts** of IFC's investment?
- To what does IFC attribute the company's **denial of Luafi River water access** to local residents?
- The village Hewa bora, with over 300 residents, was created as a result of the **relocation** due to establishment of the mine. Does IFC acknowledge the existence of this community? If so, what actions did IFC take so that SEK complied with PS 5?
- Does IFC have any documentation of the **results of community programs** and consultations?
- Will IFC's **exit guidance** to SEK be made public, so that the communities, government or other stakeholders can benefit from it?
- Did IFC find that SEK fully respected all applicable **Performance Standards**? If so, how was this determined and where is it documented?



# Further Recommendations for IFC Mining Investments

**Jobs:** % increase in permanent, direct jobs for local residents, including for women;

**\$\$ Gov't:** Annual payments to government (% of revenues with a dollar minimum);

**\$\$ Community:** development spending (% of revenues with dollar minimum); and

**Reporting:** Annually, of community development impacts and number of local people benefiting.

# What does success look like?

## *Possible Indicators*

Forest restored or added (ha.)

improved drinking water sources provided (% pop. served);

improved sanitation provided (% pop served);

increased % wastewater processed, or reduced pollution of rivers downstream;

increased % of local school-age children attending school; and

electricity access [household service/connections] provided.

For further  
information

**Project page: The Kipoi Copper Mine Project**

- <https://bankinformationcenter.org/en-us/project/the-kipoi-copper-mine-project>

**Update: How were communities affected by the IFC's decision to divest from the Kipoi copper mine?**

- <https://bankinformationcenter.org/en-us/update/how-were-communities-affected-by-the-ifcs-decision>



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**Thank You!**