

# Millions missing in loans from China to DRC copper mining project

13 November 2017 - 17:36 William Clowes



Picture: REUTERS/JONNY HOGG

The Democratic Republic of Congo's government failed to account for more than half a billion dollars of infrastructure loans received from Chinese institutions over a six-year period, according to the Carter Center.

Sicomines, a Chinese-Congolese copper-mining venture, received \$1.163bn in loans between 2008 and 2014 to spend on infrastructure, but disbursed only \$478m, the US-based advocacy group said in a report published on November 3.

Its findings are based on data provided by the DRC department that oversees the loan programme, the Office for Coordination and Monitoring of the Sino-Congolese Program (BCPSC).

"BCPSC did not provide an explanation of the discrepancy or the allocation of the remaining \$685m," the Carter Center said.

The BCPSC rejected the report's findings without providing alternative figures.

Sicomines is a \$3.2bn mining project on a 6.8-million metric-ton copper deposit in southeastern DRC. It's a key part of a multibillion-dollar deal struck between Congo and China in 2007, under which Chinese companies build facilities including roads and hospitals financed by Chinese banks in return for copper and cobalt. Congo is Africa's biggest producer of copper and the world's largest source of cobalt.

Sinohydro and China Railway Construction, both based in Beijing, own 68% of Sicomines, while the rest is owned by two government-owned Congolese companies, including state miner Gecamines. The Carter Center report also found that \$750m paid by international mining companies to Gecamines over a three-year period is missing.

## 'Surprise' number

BCPSC executive secretary Moise Ekanga said he was "surprised" to learn that Sicomines received \$1.16bn in the six-year period because Sicomines limited its first phase of infrastructure financing to \$1.05bn.

"I don't know from where the centre pulled this information, but it has no foundation," he said in an e-mailed response to questions.

Henri Kabeya, a BCPSC official, said in an e-mail on November 7 he was verifying the information and would respond "as soon as possible."

The Carter Center received the latest data set from the BCPSC in letters dated August 7 and 14 2017, Daniel Mule, who advises the Carter Center, said by e-mail on November 7.

Sicomines' profit is used to repay the loans, which are capped at \$3bn, and the mining project is tax exempt until they are paid off, according to the Carter Center report.

"Since these loans are earmarked for the country's much-needed infrastructure development, it is essential that the BCPSC provides clarity on how the remaining \$685m has been allocated and spent," Mule said.

## **IMF data**

Bloomberg was unable to contact Sicominex director-general Sun Ruiwen.

Jean Nzeng, who was Sicominex' deputy director-general until last month, said by phone he was no longer working for the company and had forwarded Bloomberg's request for comment to Sicominex and Ekanga.

China Railway Power Construction Company of China, which owns Sinohydro, didn't respond to e-mails seeking comment.

The BCPSC provided data to the IMF in 2014, indicating that Sicominex spent \$98m on infrastructure in 2009 and \$257m in 2010, while information obtained in 2016 showed the venture had disbursed \$226m in 2009 and \$127m the following year, according to the report.

The International Monetary Fund (IMF) and World Bank "faced considerable challenges in understanding these revenue flows," the Carter Center said.

"The different files the IMF has received over time do not match from one version to the next."

The IMF's current and former Resident Representatives in Congo, Nicholas Staines and Oscar Melhado, and the World Bank's country director, Ahmadou Moustapha Ndiaye, all declined to comment.

*Bloomberg*