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IFC acquires Stake in Guinean Iron Ore Project to Support Sustainable Mine Development

Washington, D.C., September 5, 2006 — The International Finance Corporation, the private sector arm of the World Bank Group, has acquired a 5 percent stake in Rio Tinto's Simandou iron ore project in Guinea to work with the company on exploring the project's feasibility and developing it in an environmentally and socially sustainable way. IFC also has the right to participate in four exploration license applications made by Rio Tinto.

The government of Guinea granted the project's mining concession, located in the Simandou mountain range in eastern Guinea, to Rio Tinto in March this year. Since then, Rio Tinto has advanced its exploration efforts and accelerated its studies of the various options for opening the iron ore resources within the concession area. IFC is entering this project at an early stage to work with the company on opening the mine to the highest international standards.

"Rio Tinto is a partner that is strongly committed to the sustainable implementation of this project," said Rashad Kaldany, director of IFC's Oil, Gas, Mining, and Chemicals Department. "We expect that this project will contribute significantly to Guinea's economic development through job creation, infrastructure development, and diversification of the mining sector."

IFC bought the stake in Simfer S.A., a local subsidiary of Rio Tinto, on August 9.

IFC is supporting Rio Tinto and the Guinean government in assessing the feasibility and the potential environmental and social impacts of the Simandou project. IFC will also assist the company on biodiversity, conservation, and community development issues.

With assistance of its new Community Development Fund, IFC and the World Bank – in cooperation with the government of Guinea and the country's chamber of mines – will conduct a study on community development practices in the mining sector in Guinea. This study is intended to help tailor and apply best practice community development standards in the specific context of Guinea and its mining-related activities. It will also drive the future development of such standards.

IFC and the World Bank will assist Rio Tinto and the Guinean government in evaluating the most effective railway and port options for exporting the iron ore.

"The creation of a viable transportation solution for development of Guinea's iron ore is critical to this project, and the assistance of the World Bank Group here is very much appreciated," said Mike Harris, managing director of Rio Tinto Iron Ore Atlantic. "IFC's early involvement will also allow Rio Tinto to develop the project strategically so that its development outcomes are maximized to the benefit of both the state and the local communities."

"IFC's strategy is to expand our activity in smaller, frontier African markets like Guinea to help increase the contribution of the private sector to development. IFC's participation in this project can help demonstrate that private investment with good practices can promote better lives for people in Guinea," said IFC Director for Sub-Saharan Africa Thierry Tanoh.

The International Finance Corporation, the private sector arm of the World Bank Group, is the largest multilateral provider of financing for private enterprise in developing countries. IFC finances private sector investments, mobilizes capital in international financial markets, facilitates trade, helps clients improve social and environmental sustainability, and provides technical assistance and advice to businesses and governments. From its founding in 1956 through FY06, IFC has committed more than \$56 billion of its own funds for private sector investments in the developing world and mobilized an additional \$25 billion in syndications for 3,531 companies in 140 developing countries. With the support of funding from donors, it has also provided more than \$1 billion in technical assistance and advisory services. For more information, visit www.ifc.org.

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