‘Conflict Minerals’ initiatives in DR Congo: Perceptions of local mining communities

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Editorial

'Conflict Minerals' initiatives in DR Congo: Perceptions of local mining communities

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Front Cover image: Artisanal miners working in Kalimbi mine, near Nyabibwe (IPIS, April 2013)

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Executive Summary

The exploitation of minerals is an important source of income for many communities in eastern Democratic Republic of Congo (DRC). Yet this mineral wealth also plays a significant role in the continuation of insecurity in parts of the country. Revenues from mineral trade have given armed groups the means to operate, and provided off-budget funding to (often poorly paid) state security forces. Whilst recognising that this mineral wealth is not one of the root-causes of conflict, their trade does play a central role in funding and fuelling conflicts in the DRC, further weakening the already fragile government.

Over recent years, several domestic, regional and international initiatives have been developed to address the so-called 'conflict minerals' problem and the high level of informality in the DRC's artisanal mining sector. The approaches taken by these initiatives include the development of certification schemes, traceability systems and due diligence measures. The initiatives have provoked varying reactions regarding their impact on local livelihoods.

This report aims to provide insight into the impact of initiatives on the livelihood strategies of local communities in the DRC, based on field research in a wide range of mining areas; and document the perceptions of local stakeholders of these initiatives and their impacts.

The report discusses the socio-economic consequences of the suspension of artisanal mining in 2010, instigated by the DRC president, and a subsequent *de facto* embargo, as most international mineral traders abstained from returning to the DRC in reaction to Section 1502 of the American Dodd-Frank Act.

The research further reveals how the socio-economic situation has gradually improved, although not yet to pre-suspension levels, and insecurity has decreased, in less isolated mining areas that are more closely watched by the international community and local stakeholders. More remote areas, on the other hand, which have not yet profited from more concrete initiatives to resuscitate trade, have not witnessed an improvement of the socio-economic or security situation. In many areas, miners have responded to this decline by turning to the informal gold mining sector.

A number of issues are listed that need to be addressed to ensure the success of a possible EU initiative on responsible sourcing of minerals from conflict-affected and high-risk areas. These issues include the need for local ownership, the question of political will, formalisation, lack of information in the field, and a lack of capacity to implement initiatives in the mining sector.

Finally, the report's findings show how these so-called 'conflict minerals' initiatives cannot substitute for a broader development policy by the DRC government. A possible EU initiative should therefore be part of a comprehensive approach that addresses, among other things, governance issues and the malfunctioning security sector.

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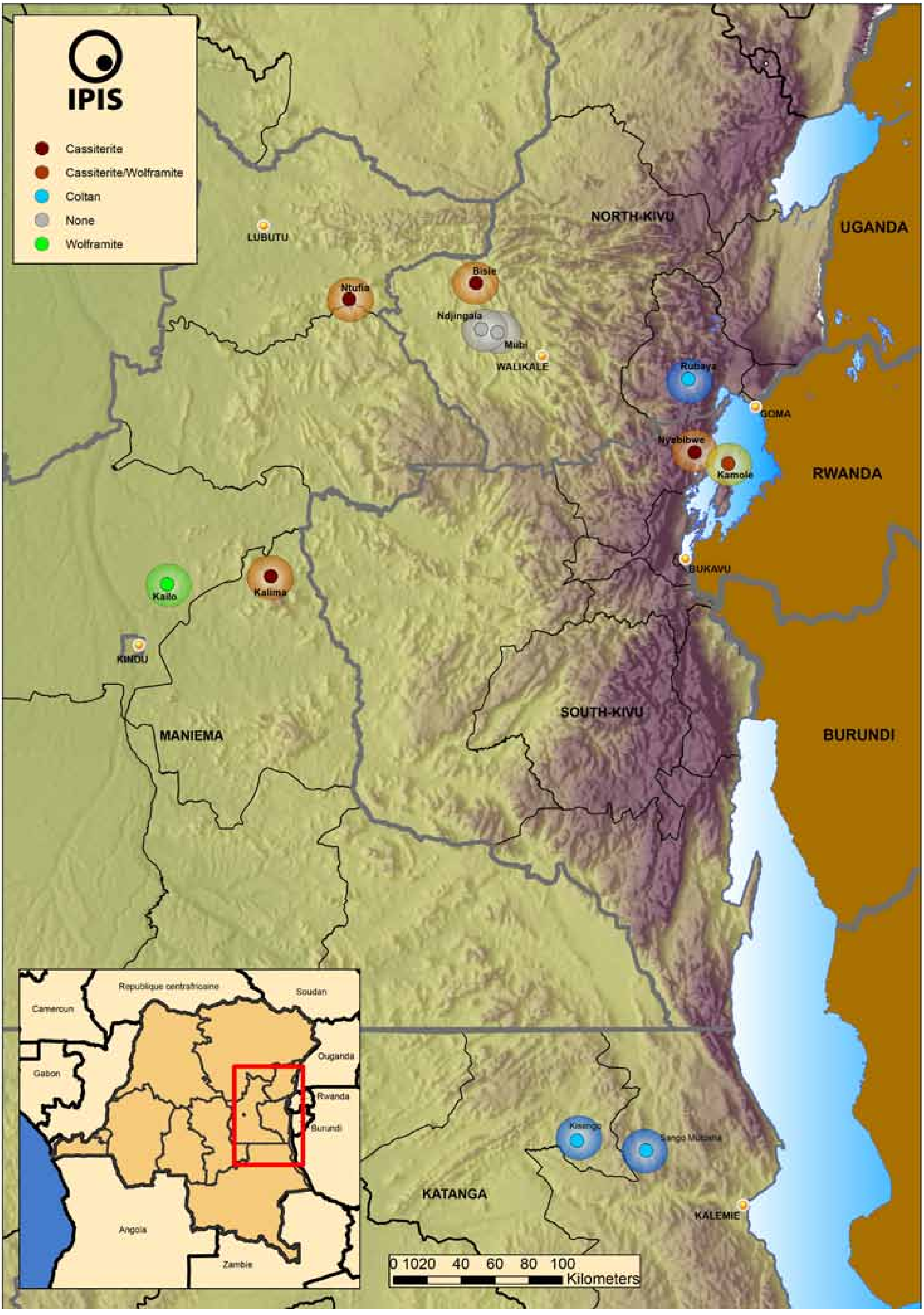
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Introduction

Since the Democratic Republic of Congo's (DRC) collapse into war fifteen years ago, its mineral wealth has played an important role in the dynamics of conflict and violence at play in the country. Whilst the population of eastern Congo[1] considers mineral exploitation to be a source of income in an environment where few other economic opportunities exist, the fact remains that Congo's mineral wealth plays a significant role in the continuing insecurity in the east. Control of mines and trading routes has played a central role in funding and fuelling warring parties in the DRC. The suffering borne by the Congolese population as a result of ongoing conflict has been great, encompassing extortion, mass rape, widespread displacement and child recruitment by rebel groups.

It is important to stress that natural resources are not the root cause of the conflict, but just one factor that can be used to explain the ongoing conflict. The functioning of Congolese state itself has been characterised by weak governance, corruption, lawlessness and impunity. Armed groups retain a presence throughout certain parts of the country and state security forces are both un- and underpaid and lacking discipline. Any 'social contract' between the Congolese government and its citizens is largely absent, and there is much distrust of government officials and institutions. Furthermore, the conflict has a significant regional dimension as a result of foreign rebels seeking shelter in eastern DRC, as well as the country's lengthy and porous borders, the refugee problem in the Great Lakes region, and neighbouring countries that continue to stir up instability in the DRC.

International community involvement in the DRC has traditionally focused on, among other things, peacebuilding and peacekeeping, humanitarian assistance, and development projects. Since the beginning of the 21st century, however, the role of natural resource exploitation and its link to conflict have become more apparent. This has triggered the development of a number of domestic, regional and international initiatives to address the so-called 'conflict minerals'[2] problem and the high level of informality in the country's artisanal mining sector. The approaches taken by these initiatives include the development of certification schemes, traceability systems and due diligence measures.[3]

The initiatives have provoked varying reactions regarding their impact on local livelihoods. Positions have ranged from criticisms that the Congolese government and internationally initiated programs have closed down trade for artisanal mining production, to the conviction that such measures have decreased conflict funding. Thus, for instance, the UN Group of Experts (GoE) described the different impacts of such initiatives in the Congolese 3Ts[4] sector in their final 2012 report. They reported not only negative socio-economic consequences in some mining zones (e.g. school dropouts and reduced incomes), but also a rise in new commercial opportunities in other areas. They also observed an amelioration of the security situation around the major 3T mine, confirming that, during the reporting period, conflict financing decreased.[5] An overview of these initiatives can be found in Annex 4.

While many initiatives have been developed with the intention of benefitting local populations, the voices of those most affected by these initiatives are often not heard. This report therefore aims to: (1) provide insight into the impact of initiatives on the livelihood strategies of local communities in the DRC; and (2) document the perceptions of local stakeholders of these initiatives and their impacts.

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1 In this report 'eastern DRC' refers to Orientale province's Ituri district, North Kivu, South Kivu, Maniema and northern Katanga.

2 The OECD defines 'Conflict minerals' as '*minerals from conflict-affected and high-risk areas*' and identifies these areas by '*the presence of armed conflict, widespread violence or other risks of harm to people.' It further explains that 'high-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.' (Source: OECD, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition*, 2013, p. 13.)

3 For an overview of these initiatives and a detailed description, consult previous IPIS reports: Verbruggen D., Francq E. & Cuvelier J., *Guide to current mining reform initiatives in eastern DRC, IPIS, April 2011; IPIS/CIFOR, The formalisation of artisanal mining in the Democratic Republic of the Congo and Rwanda*, December 2012.

4 The acronym '3Ts' refers to tin, tantalum and tungsten, which are mined in the DRC in the form of cassiterite, coltan and wolframite ore.

5 Final report of the Group of Experts on the Democratic Republic of the Congo, 15 November 2012, UN Doc. S/2012/843, p. 5.

Since this research has focused on the overall impact of initiatives on Congolese artisanal mining communities and these communities' perceptions of them, this report will not analyse every initiative individually. The initiatives' effects overlap, sometimes supporting and sometimes contradicting one another. As such, none of the initiatives' impacts can be assessed in isolation, but rather necessitate a more holistic approach to analysis. It is beyond the scope of this study to assess whether each individual initiative has met all its own principle objectives.

This study was developed by the International Peace Information Service vzw (IPIS) in cooperation with the European Network for Central Africa (EurAc) and Humanity United. The report will help EurAc and its member organisations to advise the EU and European Member States on initiatives to formalise the Congolese artisanal mining sector. Furthermore, it aims to offer insights for the European Commission's development of its own initiative on responsible sourcing of minerals from conflict-affected and high-risk areas.

The majority of the research was carried out through discussions with focus groups made up of various different stakeholders. Some focus groups included artisanal miners and others included the wives of miners. This was done in order to understand the prevailing situation beyond the 'microcosm' of the mining site. Other focus groups brought together mining officials, traders, mining pit owners, civil society representatives and presidents of miners' cooperatives. Besides organising focus groups, the researchers also carried out semi-structured interviews with a range of stakeholders including public servants, academic researchers and local civil society organisations in the towns of Kisangani, Goma, Kindu, Bukavu and Kalemie.

The research team visited mining areas across the four eastern provinces of North Kivu, South Kivu, Maniema and (North) Katanga. The selection of sites was designed to reflect a broad picture of the artisanal mining landscape across these provinces. Focus groups were organised in the following towns: Rubaya (Masisi territory), Mubi and Ndjingala (Walikale territory) in North Kivu, Nyabibwe (Kalehe territory) and Idjwi island in South Kivu, Kalima (Pangi territory), Kailo and Lubutu in Maniema, and Kisengo (Nyunzu territory) in North Katanga. These places are depicted on the map on page 5.

The report is divided into four sections. The first section provides a brief background and includes information on the Congolese mineral trading chain, the 'conflict minerals' issue, the mining suspension instigated by the Congolese government and the subsequent *de facto* embargo experienced in the DRC. The second section provides case studies from various mining sites throughout eastern Congo. Each case study examines how various initiatives have impacted on local livelihoods, and how security in the region has evolved over recent years. Case-specific findings are presented at the end of each case study. The third section describes more general findings surrounding the impact of the various initiatives. These findings are based on interviews with stakeholders in the eastern Congolese provincial capitals and on the general findings from the case studies. The fourth section includes the reports conclusions and some recommendations from EurAc on the basis of the findings of this report.

Background information

Artisanal mining has a long history in the DRC, dating back to colonial times. Since the 1970s it has grown significantly in the eastern part of the country, with the volume and value of artisanal production exceeding that of industrial production by the 1990s. However, the artisanal mining sector is largely informal. Thus despite the existence of a large number of artisanal miners and mineral traders, very few are officially registered.[6] This section aims to provide further background on artisanal mining in the DRC and an overview of some of the more significant initiatives that have been developed to address the 'conflict minerals' issue.

The informal and opaque nature of Congo's artisanal mining sector does not necessarily mean that it is chaotic. The sector, its production mechanisms and its trading patterns are in reality quite structured. At the source of the mineral supply chain, hundreds of thousands of miners (called *'creuseurs'*) extract the ores with rudimentary tools and manpower under very difficult working conditions. Local middlemen (*'négociants'*) buy the minerals at the mines after negotiating the price. Often, these negotiations are not founded on equal bargaining power, as middlemen sometimes pre-finance new artisanal mining projects. After buying the minerals, the *négociants* transport them to the main trading hubs near the eastern border. Once at the trading houses (*'entités de traitement'*, formerly called *'comptoirs'*), minerals are sorted, processed for the first time, and subsequently exported to the world market.

The capacity of state services to oversee the artisanal mining sector is extremely limited. This limited capacity is due to a number of factors including corruption, an inability to cover the territory under their responsibility and lack of means, personnel, resources and technical knowledge. The central government's lack of control offers an opportunity for armed groups, including state security services, to profit from the region's mineral wealth. A high level of informality makes it difficult for the government to secure a hold over the artisanal mining sector. This impedes efforts by the state and the international community to effectively tackle the conflict mineral phenomenon prevalent in the DRC, depriving local communities of the many potential benefits that could accrue from the area's mineral wealth. Efforts to address informality and conflict minerals should therefore take into account the wider issue of governance and state control. A number of initiatives have been put in place and what follows outlines some of those that have proved to be most significant.

Since the early 2000s, international scrutiny of the conflict minerals issue has grown considerably with numerous reports by the UN Panel of Experts, academics and NGOs. Thus, when President Kabila and the Congolese Minister of Mines suspended all artisanal mining activities in the Kivu provinces and Maniema in September 2010, this was generally understood to be a response to growing international pressure to tackle the link between natural resources and conflict. The suspension aimed to address the involvement of armed groups and members of the regular army, *Forces Armées de la République Démocratique du Congo* (FARDC), in illegal mineral exploitation to reduce resultant levels of insecurity. Half year after its inception, the mining ban was lifted on 10 March 2011. It is now widely regarded to have been a failure. It had serious socio-economic consequences for local mining communities, whilst increasing mineral smuggling and creating opportunities for military units to heighten their control over the mining sector. Instead of officially sanctioning violations of the suspension, many military units perceived the ban as an opportunity to strike beneficial deals with miners and traders who continued to work.[7] Despite the withdrawal of the suspension, mineral trade struggled to revive in 2011 and 2012. Buyers in the international 3Ts market had become afraid of damaging their reputations due to the controversy surrounding conflict minerals and moved their sourcing away from the DRC. This is often referred to as the '*de facto* embargo' on Congolese 3T minerals.

Another factor alleged to have caused companies to turn away from the DRC as a mineral supplier, is the creation of the Conflict-Free Smelter (CFS) programme, an initiative of the US Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSi). This programme has

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6 IPIS/CIFOR (December 2012), op. cit., pp. 8-9.

7 More information on the mining ban can be found in: IPIS/CIFOR (December 2012), op. cit., pp. 19, 30; Geenen S., *A dangerous bet. The challenges of formalizing artisanal mining in the Democratic Republic of Congo*, Resources Policy, 37, 3, September 2012, pp. 322–330.

developed a very narrow interpretation, which was difficult to implement, of section 1502 of the US Dodd-Frank Act, which was signed into law in July 2010. Section 1502 obliges companies trading on US stock exchanges and implicated in tin, tantalum, tungsten and gold supply from the DRC or its neighbouring countries, to undertake supply chain due diligence. As such, most smelters decided to stop sourcing from the DRC to enable them to acquire 'conflict-free smelter' status. Consequently, local mineral traders were obliged to sell at discounted prices to refiners and smelters who were not seeking CFS approval.[8]

Furthermore, US industry has been criticised for its resistance to section 1502 of the Dodd-Frank Act, which has allegedly hampered the issuance of the Securities and Exchange Commission's (SEC) final rule to implement the law. Global Witness, for example, pointed at US Chamber of Commerce and the National Association of Manufacturers, and claimed this delay threatened the effectiveness of the law. Additionally, it added this had serious implications for the population of eastern DRC.[9]

A wide range of other initiatives have also been developed to try to ensure that mineral extraction and trade in the DRC and the African Great Lakes region are not tainted by conflict. Certification systems, such as the German Federal Institute for Geosciences and Natural Resources' (BGR) Certified Trading Chains (CTC) scheme, have been developed. These systems aim to demonstrate that the minerals in a given supply chain have been produced in a responsible way, by reference to a number of standards.

Other initiatives include traceability systems. The tin industry association, International Tin Research Institute (ITRI), have developed a traceability system (iTSCi) that is operational in the DRC in respect of 3T supply chains. It is designed to identify the mine of origin of certain minerals, making it possible to distinguish clean from contaminated supply chains. The system involves tags that are added to bags of minerals at the point of extraction and processing. The information on the tags, such as mine of origin, quantity and intermediaries, is subsequently entered into logbooks. The implementation of the project is discussed in several case studies in this report. Some of the traceability systems have additionally built due diligence in as a requirement.

Due diligence is another effort now being made operational in the DRC. It entails guidelines that have been developed to stimulate companies to engage in processes to identify, prevent, mitigate and account for the human rights impacts of their mineral supply chains. In the DRC, guidelines have been developed by the UN GoE, whilst the Organisation for Economic Co-operation and Development (OECD) has also created its own due diligence guidance. The OECD's guidance is however not limited to the DRC, it is global in scope and applies to any mineral supply chain from '*Conflict-Affected and High-Risk Areas*'. The Congolese and Rwandan governments have however already incorporated these due diligence standards into their national law. Due diligence is concerned with providing standards for companies rather than artisanal miners and its direct effects are not therefore wholly visible at ground level. As such, due diligence is not discussed within the case studies provided by this report, but is rather, analysed in the third section in which more general findings are made. Furthermore, reference should be made to IPIS's OECD commissioned report on the upstream implementation phase of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and its Supplement on Tin, Tantalum and Tungsten.[10]

Other initiatives include, PROMINES, funded by the World Bank and the UK to improve governance in the Congolese artisanal mining sector, and the joint 'mineral trading centre' project from the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and the Congolese government, discussed in the first case study. Additionally, the European Commission has also announced that it will create an initiative on responsible sourcing of minerals from conflict-affected and high-risk areas. In the first half of 2013, it held a public consultation to get input from all interested parties regarding this potential initiative.

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[8] Arimatsu L. and Mistry H., *Conflict minerals: The search for a normative* framework, Chatham House, September 2012, pp. 26, 31-32, 35.

[9] Global Witness, *Are electronics companies trying to have it both ways on conflict minerals legislation?*, May 2012.

[10] OECD / IPIS, *Upstream Implementation of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Final Report on one-year pilot implementation of the Supplement on Tin, Tantalum, and Tungsten*, January 2013.

Finally, in December 2010, the Heads of State of the member countries of the International Conference of the Great Lakes Region (ICGLR) adopted the Six Tools that form the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR), namely tin, tungsten, tantalum and gold. These six tools are: (1) a regional certification mechanism, (2) the harmonisation of national legislation, (3) a regional database on mineral flows, (4) formalisation of the artisanal mining sector, (5) promotion of the Extractive Industry Transparency Initiative (EITI) and (6) a whistle blowing mechanism. This broad outline of initiatives provides the reader with an overview that should help to fully understand the case studies discussed below. Annex 4 offers an overview of these initiatives in one succinct table. A more detailed description and more exhaustive overview of these and other initiatives, while important, is not within the scope of this report. For a more detailed outline of these initiatives and their objectives readers are advised to refer to two previous IPIS reports canvassing these matters.[11]

[11] Verbruggen D., et al (April 2011), op. cit.; IPIS/CIFOR (December 2012), op. cit.

Case Studies

1. North Kivu - Rubaya

Background

The town of Rubaya is located northwest of Goma, in Masisi territory. (See map on page 5.) Surrounded by several coltan mines, it is an important mineral trading centre. For several years, it has been a perfect illustration of the conflict minerals phenomenon, as coltan trade around Rubaya was well-known for being under the control of the *Congrès National pour la Défense du Peuple* (CNDP).[12]

Case-specific initiatives

Besides the wide range of initiatives that affect the entire Congolese artisanal mining sector, such as Dodd-Frank and the due diligence guidance described in the previous section, Rubaya represents an important case study because of another project that particularly affects mineral production and trade in and around the town: the *'centre de négoce'* programme.

Rubaya was selected in 2009 as one of five locations in which to install a mineral trading centre, or *'centre de négoce'*. The Congolese government and MONUSCO jointly launched this pilot project within the framework of the International Security and Stabilisation Support Strategy (ISSSS) STAREC plan[13] for the stabilisation of Eastern Congo. The objective of the project is to provide a centre where miners and traders are able to do business without the interference from armed groups. At the same time, state agents can exert control and levy taxes, traders can receive the necessary paperwork, and miners can profit from a market environment in which they can negotiate better prices for their products.[14]

Each *centre de négoce* is intended to handle products that have been mined within a 25 km radius.[15] In order to ensure that only non-conflict minerals are traded, a validation process has been established to assess the level of militarisation at those mine sites within 25 km of each trading centre. After completing its inspection, the validation team drafts a list of 'green', 'orange' and 'red' sites near that centre.[16]

Impact on mineral trade and socio-economic conditions

Local stakeholders explained how Rubaya's mining sector has revived over the last year. Miners witnessed a relatively increased level of security, opening up the area for the influx of thousands of miners, despite some reports of the presence of Nyaturu rebels (see below). They noted two further reasons for the soaring numbers in miners since 2012. The first was that good prospects at some of the surrounding mines, such as Luwowo, were attracting miners' attention. The second was that miners believe that the *centre de* négoce might revive mineral trade in the area.[17]

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[12] CNDP was a Tutsi-based politico-military movement founded in 2006. It was led by General Nkunda until he was arrested in Rwanda and succeeded by Bosco Ntaganda in early 2009. The group then integrated into the national army and became a political party. The integration of CNDP has however been far from successful, as parallel chains of command persisted. In early 2012, several ex-CNDP fighters within the FARDC mutinied and created the M23 movement. More detailed information on CNDP and M23 can be found in: IPIS, *Mapping Conflict Motives: M23*, November 2012; Stearns J., *From CNDP to M23: The evolution of an armed movement in Eastern Congo*, Rift Valley Institute/Usalama Project, 2012

[13] The Programme of Stabilisation and Reconstruction of Zones Emerging from Armed Conflicts (STAREC) is a stabilisation plan of the Congolese government which aims to restore the state's authority in the eastern part of the country (Custers R., *Het STAREC-plan van de Congolese regering: een voorlopige analyse*, IPIS, August 2009.)

[14] Spittaels S., *MONUC's/MONUSCO's role in the Eastern DRC in regards to demilitarization and securing mining zones*, IPIS, May 2010, unpublished paper.

[15] Ibid.

[16] 'Green' sites are those that are not controlled by armed groups, including state security services. 'Orange' sites are subject to the indirect involvement of an armed group, including taxation along the supply route. 'Red' sites are those where an armed group is physically present in the mine. (Source: Final report of the Group of Experts on the Democratic Republic of the Congo, 2 December 2011, UN Doc. S/2011/738, §436)

[17] Focus group IPIS with miners, Rubaya, April 2013.

However, the implementation of the *centre de négoce* initiative has been problematic. Many difficulties have prevented these trading centres, Rubaya included, from becoming operational for several years. Challenges include resource constraints, disputes over the illegal use of private concessions by artisanal miners, and security threats, as the state is not able to secure transport routes between mines, trading centres and export hubs. The trading centre in Rubaya was eventually officially inaugurated on 18th April 2013. Most local actors in Rubaya are in good spirits as a result of the launch, but it remains to be seen to want extent the centre will function properly.

The fact that miners believe that the trading centre might revive mineral trade is nevertheless very important as such trade has collapsed almost everywhere else in North Kivu. For example, between January and April 2013, no cassiterite exports were recorded in the province. The main reasons for this seem to be the ban on mineral air transports from Maniema province through the Kivus, imposed by the DRC government, combined with the absence of ITRI's tagging in North Kivu,18 and the suspension of the trading houses Congo Minerals and Metals (CMM) (formerly TTT Mining) and Huaying Sprl, who were accused of indirectly financing armed groups and not submitting to due diligence (discussed in the Walikale case study).19 As cassiterite trade collapsed, prices did as well. Consequently, there has been a move from cassiterite to coltan mines in North Kivu, such as from Bisie to Rubaya.20 Moreover, interviewees in Nyabibwe explained how miners had left the area to dig for coltan around Rubaya because of low cassiterite prices.[21]

The influx of miners into Rubaya provides a solid level of coltan production. According to local mining officials, Rubaya produced 13 tons of coltan in March 2013 and 17 tons in the first three weeks of April.[22] While North Kivu as a province has halted in terms of cassiterite exports, it exported 47.4 tons of tantalum ore between January and April 2013.[23]

Interviewees in Rubaya explained how the upsurge of mining and the mineral trade had revived economic activity. During the suspension, the price of consumer goods was lower in the local markets since incomes generally come from the mining sector. However, wives said that the recent price increases have not affected household standards of living. As incomes are also progressively rising, household budgets are said to be sufficient to purchase decent meals. Moreover, interviewees stated that they are nowadays once again able to save some money and pay for medication and schooling. This was not the case two years ago.[24]

Regarding safety, agents of the mining service *Service d'Assistance et d'Encadrement d'Artisanal et Small Scale Mining* (SAESSCAM) in Rubaya claim that artisanal mining is quite safe, and there have been reports about improvements in working conditions.[25] However, dozens of artisanal miners died in a mine collapse near Rubaya in May 2013.[26] These optimistic statements regarding working conditions must therefore be balanced with scepticism.

Although miners were pleased with the current development of the mineral trade in Rubaya, they hoped prices would rise in the future. Local mining officials stated that *négociants* offer miners about US$20 per kilo of coltan, as they receive between US$25 and 30 from *comptoirs*.[27] However, miners said that the price they actually received at the mining site was often lower, fluctuating between US$10 and US$20, depending on the grade of the tantalum ore. Miners also recalled that this is very different to the early 2000s when the prices were between US$50 and US$100. All interviewees in Rubaya believed that the low number of buyers kept prices down. [28] For the moment, the only *comptoirs* that are buying coltan

[18] Midterm report of the Group of Experts on the Democratic Republic of the Congo, 19 July 2013, UN Doc. S/2013/433, §173.
[19] Johnson D., *No Kivu, no conflict? The misguided struggle against 'conflict minerals' in the DRC*, Pole Institute, April 2013, p. 54.
[20] UN GoE final report 2012, op. cit., §236.
[21] Focus group IPIS with miners, Nyabibwe, April 2013.
[22] Focus group IPIS with mining officials, Rubaya, April 2013.
[23] UN GoE midterm report 2013, op. cit., §174.
[24] Focus groups IPIS with miners and wives of miners, Rubaya, April 2013.
[25] Focus group IPIS with mining officials, Rubaya, April 2013; UAID/Réseau BGSE, *Evaluation de la mise en œuvre du devoir de diligence dans la chaîne d'approvisionnement des minerais dans les sites miniers de Rubaya/Masisi*, January 2013.
[26] Radio Okapi, *Nord-Kivu : les corps des victimes de l'éboulement de Rubaya pas encore extraits*, 20 May 2013.
[27] Interview IPIS with mining officials, Rubaya, April 2013.
[28] Focus group IPIS with artisanal miners, Rubaya, April 2013.

in Rubaya are CMM, whose rights were reinstated last March following a suspension in 2012, and AMR Mugote. CMM exports to Hong Kong and AMR Mugote sends its minerals to mainland China.[29]

Tantalite[30] prices on the world market should however also be taken into account when comparing miners' actual revenues with the revenues during the coltan boom-era in the early 2000s. Appendix 1 shows that the tantalite ore prices fluctuated at around US$260 per kilo on the world market in the first half of 2013. This is 46% lower than the 2000 price of US$484. Therefore, world market prices seem to be the main explanatory factor for the prices that artisanal coltan miners receive for their production. However, even when taking into account this 46% decrease in world market prices, local prices are still rather low. To date, miners have not yet experienced the price increase seen by the world market over the last three to four years. The low number of buyers might explain this to a certain extent.

Miners in Rubaya understood very well that their minerals were barred from the international market due to their association with conflict. They support international efforts to change the security situation in the Kivus. Nevertheless, as security has relatively improved, they expressed their desire for the international community to urgently reopen international markets for their minerals.[31] A representative of the board of managers of the miners' cooperative COOPERAMMA explained how glad they were that the 'Chinese *comptoirs*' (referring to CMM and AMR) were still willing to buy. He stated that without these buyers the situation in Rubaya would be worse.[32] Additionally, miners welcomed the opening of the trading centre, as they believed that it would revive trade, increase traceability and consequently help local development.[33]

Security situation

As noted above, Rubaya's mining sector was well-known for being under CNDP control in the past. From 2006 onwards, the area was located within CNDP territory. Moreover, when CNDP integrated into the Congolese national army, Bosco Ntaganda managed to put the mineral rich area under control of ex-CNDP commanders.[34] Until 2011, Ntaganda gained large revenues through taxation levied by parallel police forces in the area.[35] Ntaganda loyalists Colonel Zabuloni and Major Rwagasore established this parallel network, which pushed for the continuation of mining during the suspension, and occasionally imposed forced labour.[36]

All interviewees in Rubaya[37] reported that the security situation had improved since the two previous years, a matter confirmed by the GoE.[38] Furthermore, validation teams[39] visited the 25km radius around Rubaya in 2011 in order to assess the level of militarisation at mining sites. In March 2012, the Ministry of Mines qualified 11 sites out of 21 as conflict-free on the basis of the validation mission's results.[40] The presence of mining police at the main entrances seems to guarantee miners' security.[41]

Nevertheless, pockets of insecurity still persist in most of Masisi territory. More recently, several reports described how the overstretched Congolese army collaborated with a faction of the Nyatura rebel group in order to keep order around Rubaya.[42] This group allegedly imposes taxes at mining sites in the area.[43] To bring more clarity to this situation, a new validation mission is needed. Moreover, the results

[29] Interview IPIS with mining officials, Rubaya, April 2013; GoE interim2013, §176, 181.
[30] Tantalite is a mineral ore that contains tantalum, and which is extracted from coltan, a contraction of columbite and tantalite.
[31] Focus group IPIS with artisanal miners, Rubaya, April 2013.
[32] Interview IPIS with COOPERAMMA representative, Goma, April 2013.
[33] Focus groups IPIS with miners and mining officials, Nyabibwe, April 2013.
[34] Stearns J. (2012), op. cit., pp. 4, 35.
[35] UN GoE final report 2011, op. cit., § 599.
[36] Ibid., §306, 434, 439-440.
[37] Focus groups IPIS with miners, wives of miners and civil society representatives, Rubaya, April 2013.
[38] UN GoE final report 2012, op. cit., §241.
[39] These teams included representatives from the DRC Government, civil society, private enterprises, MONUSCO, and BGR. (Source: UN GoE midterm report 2012, op. cit., p. 37)
[40] UN GoE midterm report 2012, op. cit., p. 37
[41] UAID/Réseau BGSE (January 2013), op. cit.
[42] Rosen A., *The origins of war in the* DRC, The Atlantic, 26 June 2013.
[43] Global Witness, *Putting principles into practice: Risks and opportunities for conflict-free sourcing in eastern Congo*, May 2013, p. 5.

of the previous mission expired in late September 2012, being only valid for six months from their date of publication.[44]

Analysis

The case of Rubaya shows how the international mineral trade's aversion to buying minerals from the DRC affects miners' incomes. Local coltan prices seem to be rather low, allegedly due to the limited number of buyers, though especially in light of the strong price increase for coltan on the international market since 2010.

On the other hand, the case study also shows how concrete initiatives such as the establishment of trading centres can increase local stakeholders' belief that trade will revive. This has been an important factor in attracting miners and increasing (official) production. The resumption of coltan trade is gradually raising miners' incomes (though not yet to pre-suspension levels) and improving welfare.

Furthermore, Rubaya also shows how international scrutiny can help to improve the security situation. Although it is difficult to demonstrate a direct link between international scrutiny and improved security in Rubaya, they did happen in succession.

2. North Kivu – Walikale

Background

Walikale territory holds many mining sites that are isolated forest enclaves, and infrastructure in the territory is limited. This lack of infrastructure and limited accessibility means that public services are almost non-existent other than in the repressive form of the police and the military.[45] This case study is focused on the towns of Mubi and Ndjingala, two of the main trading centres for Bisie, a huge cassiterite mine with a notorious history. The site is situated 60km northwest of Walikale Centre. (See map on page 5.) The approximately 30km journey between Ndjingala and the Bisie mining site has to be made on foot through the forest. Porters carry up to 50kg of cassiterite on their backs from the mining site to Ndjingala for around US$20. Couriers have occasionally died of fatigue on their journeys.[46]

Case-specific initiatives

In June 2010, an agreement was reached to include Bisie in ITRI's iTSCi traceability pilot project, of which the functioning has been described in the first section. This decision was controversial since, at the time, FARDC units were present at the mine site.[47] In fact, since the presidential ban was passed in September 2010 iTSCi activities were never put in place. To date, other than the presidential suspension and the subsequent *de facto* embargo, very few concrete initiatives have been undertaken in the area.

At the moment, the mineral trade from Bisie has collapsed.[48] Artisanal miners, local authorities and mining cooperatives are requesting a validation mission for Bisie, hoping that the iTSCi traceability system would then be implemented in the area.[49] The assignment of a new validation mission is currently being discussed.[50]

In July 2012, the Congolese government suspended CMM and Huaying Sprl, two Chinese trading agencies that operated in Bisie. These traders were accused of indirectly financing armed groups, including criminal FARDC elements, and not submitting to due diligence procedures established earlier

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[44] UN GoE interim report 2012, op. cit., §37

[45] Cuvelier J., *The complexity of resource governance in a context of state fragility: he case of eastern DRC*, IPIS/International Alert, November 2010, see Chapter 4.

[46] Pole Institute, *Blood Minerals. The criminalisation of the mining industry in eastern DRC.* November 2010. p. 15

[47] Pöyhönen P., Bjurling K.A., Cuvelier J., *Voices from the inside: Local views on mining reform in Eastern DR Congo*, Finnwatch/Swedwatch/IPIS, October 2010 p. 15.

[48] Africa Mining Intelligence, *Bisie conflict-free but still troubled*, 27 August 2013.

[49] UN GoE midterm report 2013, op. cit., §177

[50] African Mining Intelligence, *Bisie conflict-free but still troubled*, 27 August 2013.

that year by the national government.[51] In early 2013, the suspension of both processing companies was lifted. According to the UN GoE, Huaying continues to buy untagged minerals from non-validated sites.[52]

Impact on mineral trade and socio-economic conditions

In late 2010, before the presidential ban on artisanal mining, Bisie was home to about 13,000 people. An estimated 3,000 artisanal miners were then digging for cassiterite in deplorable conditions at the mine.[53] Mineral trade slowed down during the suspension but it did not cease. Congolese state institutions lacked the capacity and will to enforce the ban, which was bypassed in different ways, and ironically allowed for the further consolidation of military control over the mining sector. Satellite images of the area showed that the mining site actually expanded during the ban, clearly indicating that activities did not cease. [54]

The slowdown of the mineral trade affected the economic situation of the mining areas and trading towns in the Walikale area. In Bisie, only a few hundred miners are currently working, and they are hoping for activities return to pre-suspension levels. [55]

Local cassiterite prices in Mubi have fallen considerably. The Pole Institute reported the price of one kilo of cassiterite had decreased from US$7 in 2010 to US$3 by April 2011.[56] The GoE further reported a decrease from US$5.5 per kilogram in 2010 to around US$4 in 2011 and US$2 in 2012, after the suspension of CMM and Huaying.[57] World prices have, however, progressively increased, with a peak in late 2010 early 2011. Then prices dropped but were still higher than the ones previous to the mid-2011 peak and from then until May 2013 prices did not fluctuate significantly.[58]

As a result of the drop in local prices, artisanal miner incomes decreased and they were forced to live mainly from agriculture. The miners expressed concern that their food habits are worse than before the suspension, and that they are not able to save money or send it to their families.[59] However, whether most miners send money home when they have spare income from their mining activities in Bisie is questionable. Miners are notorious for spending incomes in the site on "food and other necessities, alcohol, as well as prostitutes."[60]

Regarding education, according to local interviewees, parents are forced to choose which of their children will go to school, as they do not have the resources to pay for all. Only a third of miners' children are able to receive an education. Schooling expenses currently represent an important part of the family budget. Interviewees stated that the majority of children could go to school before the suspension.[61]

Working conditions in Bisie have traditionally been below acceptable labour standards. However, the low price paid for cassiterite leads to negative investment in basic equipment, such as boots and torches, which in turn worsens working conditions even more. The lack of motor-pumps prevents miners from draining pits affected by flooding. This limits production and makes working conditions harder and more dangerous.[62]

At the time of writing, MPC (Mining and Processing Congo) is carrying out exploration work, which they started after the presidential suspension. The company has benefited from the mass movement of people away from the mine in the last two years to start the program.[63] So far, the results regarding the

[51] African Mining Intelligence, *Chinese trading agencies back in business*, 12 February 2013.
[52] UN GoE midterm report 2013, op. cit., §177
[53] Pole Institute (November 2010), op. cit.
[54] Zingg Wimmer S. & Hilgert F., *Bisie. A one-year snapshot of the DRC's principal cassiterite mine*, IPIS, November 2011, pp. 2, 7-8.
[55] UN GoE final report, 2012, op. cit., §225; Interviews local researchers assigned by IPIS with miners, Mubi and Ndjingala, May 2013.
[56] Pole Institute, *Le secteur minier: Etat des lieux après la reouverture des activités à l'est de la* RDC, September 2011, p. 36.
[57] UN GoE final report 2012, op. cit., §225
[58] See Appendix 2, London Metal Exchange (LME).
[59] Interviews local researchers assigned by IPIS with miners, Mubi and Ndjingala, May 2013.
[60] Zingg Wimmer S. & Hilgert F. (November 2011), op. cit., p. 2.
[61] Interviews local researchers assigned by IPIS with miners, Mubi and Ndjingala, May 2013.
[62] UN GoE final report 2012, op. cit., §225; Interviews local researchers assigned by IPIS with miners, Mubi and Ndjingala, May 2013.
[63] Alphamines, *The Bisie tin project: an overview*, last accessed on 26 September 2013 (http://alphaminresources.com/the-bisie-

quality and quantity of minerals found in the area are positive. Further exploration work will be carried out in late 2013 to help estimate the resource potential of Bisie.[64]

The local community complained that these exploration works have been carried out without their being furnished with prior information. Furthermore, they expressed their concern that the company will reserve for itself the exploitation of the whole area, denying the local community any space on which to engage in artisanal mining.[65]

Security situation

Walikale is one of the most unstable zones in the DRC and is highly disputed by several armed groups. In the past, the presence of the regular army as part of operations against rebel groups meant their involvement in the mining sector, where they applied taxes and confiscated minerals for their own benefit.[66] In carrying out their illicit mining activities, these FARDC elements committed serious abuses against the population, including murder, rape, assault, the use of forced labour, and extortion.[67]

Before the suspension, Bisie was under the control of the FARDC, into which had been integrated by former rebel soldiers who were involved in the mining sector. The military benefited from mining activity by, for instance, "taxing" the loads coming out from the mining site. Also, up to five informal checkpoints were set up between Bisie and Ndjingala so that soldiers could get their share. The artisanal miners were the people who felt the affects of this, while their cooperative representatives – those who were supposed to defend their interests – were not present at the working site.[68] Since the suspension was lifted in March 2011, both the FARDC and rebel groups have been occupying Bisie alternately.[69]

In February 2012, the regular army regained control of Bisie and declared that it would hand the mine over to the mining police.[70] The UN GoE highlighted in its final 2012 report that the security situation had generally improved.[71] However, recent research conducted by Global Witness shows that the FARDC is still in control of the mine and that illegal taxes continue to be imposed on artisanal miners.[72]

Local authorities have highlighted another security threat. They fear that if the socio-economic situation continues to deteriorate and that if the ministerial ban on the sale of minerals from Bisie continues, young people who have previously left armed groups may return in order to ensure their subsistence.[73]

Analysis

This case study again indicates that the presidential suspension of artisanal mining has had a grave impact on socio-economic activities for the local population in North Kivu. Notably, the UN GoE's in its 2012 report observed that the negative socio-economic consequences of the decline in mineral trading was less pronounced by the end of 2011, when traders Huaying and TTT/CMM were exporting untagged minerals to China. This shows the important correlation between mineral trading and socio-economic conditions in the area.[74]

Comment is necessary on the local authorities' concern that the negative economic situation could strengthen armed groups in the area. This is a paradoxical situation that reflects the complexity of the issues at stake. The absence of mining activities is said to favour enrollment by young people into armed groups. However, it has also been argued that resuming mining activities attracts armed groups in need of funding. This paradox highlights the need to address the root causes of the conflict.

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tin-project-an-overview/); African Mining Intelligence, *A very rough ride for cassiterite trade*. 23 July 2013.

[64] ITRI, *Exceptional drill results from Alphamine's Bisie tin project*, 15 July 2013; ITRI, *Bisie drilling round completed*, 11 September 2013.

[65] Interviews local researchers assigned by IPIS with miners, Mubi and Ndjingala, May 2013.

[66] Cuvelier J. (November 2010), op. cit., Chapter 4.

[67] Global Witness, *Congo's Minerals Trade in the Balance, Opportunities and obstacles to demilitarisation,* May 2011, pp. 8-9.

[68] Zingg Wimmer S. & Hilgert F. (November 2011), op. cit.

[69] Global Witness (May 2013), op. cit., p. 6

[70] Radio Okapi, *Nord-Kivu: les FARDC reprennent deux carrés miniers de Walikale*, 8 February 2012.

[71] UN GoE final report 2012, op. cit., §241.

[72] Global Witness (May 2013), op. cit., p. 6.

[73] Associated Press, *Miners in Congo start petition to resume digging*, 6 July 2013; UN GoE midterm report 2013, op. cit., §177.

[74] UN GoE final report 2012, op. cit., §221.

Regarding the security situation in the area, it is important to address allegations that the FARDC has again been involved in mining at Bisie. A validation mission needs to be carried out to assess the security situation and extent to which the mine is conflict-free. Such an assessment would hopefully lead to the mine's validation and the resumption of production. Indeed, a conflict-free Bisie would constitute an important boost to the provincial economy.[75]

Regarding tensions over MPC's presence, enhanced transparency and participation measures could have a positive effect and overcome the risk of potential social conflict. The local community and local miners lack information on future exploitation conditions at Bisie mine. These initial concerns and complaints may be early warning signs for the potential escalation of tensions and social conflict with locals. North Katanga, the final case in this section, provides an excellent example in this regard, as do the tensions that have arisen between Canadian industrial mining company, Banro, and local mining communities in South Kivu.[76]

3. South Kivu - Nyabibwe

Background

The Kalimbi mining site, near the town of Nyabibwe, is located in the highlands of Kalehe territory. (See map on page 5.) It is an important cassiterite mine and well-known by many actors within the international community. It has a troubled history with several armed groups competing for its mineral wealth. More recently, it has been the subject of several initiatives to address conflict minerals and lack of transparency in the artisanal mining sector. These are discussed below.

Besides the strife occasioned by armed groups in Kalimbi, there have also been several other resource ownership disputes in the area. One involves the Canadian mining company Shamika Resources, which has experienced difficulties over its Kalimbi exploration permit, signed in 2007 with several local stakeholders including artisanal miners, a mining cooperative[77] and the provincial Minister of Mines.[78]

Furthermore, competing exploration rights between mining cooperative *Coopérative minière pour le Bien-être des Communautés de Kalehe* (COMBECKA) and another miners' cooperative *Coopérative Minière de Kalimbi* (COMIKA) have occasionally degenerated into violence.[79] Although tensions persist between and even within (e.g. most recently over COMIKA's leadership) the cooperatives, for the moment the conflict has calmed.[80]

Case-specific initiatives

In June 2010, ITRI announced that it had reached an agreement with the Congolese government to launch the iTSCi traceability pilot project at two mine sites, Bisie (North Kivu) and Nyabibwe. The project entails the labelling of bags of minerals produced on site and following their trading routes. One of the basic premises for the selection of these sites was the absence of rebel control. This choice was quite controversial as units of the regular army were in control of both sites at that time.[81] However, the implementation of the traceability project was soon stalled due to the September 2010 suspension.

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[75] Global Witness (May 2013), op. cit., p. 6.

[76] An important factor regarding the tensions concerning Banro's projects has also been poor communication. Communication between the state and local communities has been deficient, and false expectations arose regarding Banro's social projects and employment opportunities for local communities. (Source: Kamundala G., *Exploitation minière industrielle et artisanale au Sud-Kivu: Possibilités d'une cohabitation pacifique?*, IPIS/IOB, December 2012, pp. 17-18)

[77] The 2003 Congolese Mining Regulation (articles 234-237) stipulates that if a group of artisanal miners wants to exploit an artisanal mining zone using any form of semi-industrial equipment, it needs to create a cooperative. Furthermore, artisanal miners' cooperatives are regarded by the Congolese state as an important tool for formalising the mining sector. (Sources: Pact, *PROMINES Study: Artisanal mining in the Democratic Republic of Congo*, June 2010, p. 50.;Pöyhönen P., Bjurling K.A., Cuvelier J. (October 210), op. cit., p. 22.)

[78] Cuvelier J. (November 2010), op. cit., p. 53.

[79] Cuvelier J. (November 2010), op. cit., pp. 51-52, 54.; Pole Institute (November 2010) op. cit., pp. 43-44.

[80] Interview IPIS with civil society representative, Bukavu, 19 April 2013; Telephone interview IPIS with academic researcher, Ghent, July 2013.

[81] Pöyhönen P., Bjurling K.A., Cuvelier J. (October 210), op. cit., p. 15.

Traceability restarted in October 2012 when the Conflict Free Tin Initiative (CFTI) was launched. The Dutch Government and the Development Bank of South Africa are the main funders of this initiative. The CFTI created a 'conflict-free' supply chain by using iTSCi traceability and independent audits. Furthermore, it created a closed pipeline, ensuring it knows all the links in the vertically integrated supply chain. The Bukavu-based World Mining Company (WMC) takes care of in-country purchasing and the processing of all the mineral production is undertaken by the Malaysia Smelting Corporation (MSC), a smelter that is CFS compliant.[82]

Impact on mineral trade and socio-economic conditions

All actors interviewed in Nyabibwe stressed the importance of the mines to the community, as the great majority of households depend on mining for their income. Women often take care of the fields and do some retail trade, while men work in the mines. They explained how, in general, work carried out by women enables households to meet their basic needs, while the money that the miners contribute, helps households to invest in housing, pay for children's schooling, medication, and so on. Furthermore, interviewees stressed that local markets also depend on the artisanal mining sector. If mines do not produce, all other economic activity stagnates and people's lives become more difficult.[83]

Consequently, when the Congolese government suspended all mining activities in Eastern DRC, it seriously affected Nyabibwe's population. Interviewees complained that it was nearly impossible to make a living and that all economic activity shrank, as miners received reduced prices for ores, and mineral production dropped. Furthermore, the decreasing revenues and declining economy had several other effects on Nyabibwe. Interviewees explained how the number of thefts increased, for example of goats, chicken and crops from the field. Also, very few trucks and buses reached Nyabibwe and many children did not go to school.[84] The GoE reported last year that a headmaster in Nyabibwe said school dropout rates had risen to 30 per cent in 2012.[85]

Furthermore, the GoE reported last year that food and basic goods had become harder to come by because most shops had been closed since October 2010.[86] The women interviewed in Nyabibwe explained, however, it was especially the reduced incomes that made life more difficult.[87]

Interviewees further explained that they no longer bought livestock during the suspension as they could not afford it. Since mineral production restarted after the end of the mining ban, goats and chickens could once again be found on the local market. Prices of these products and other things, such as a hotel rooms, halve when there is no mining activity and rise in periods of greater production, when demand is higher.[88]

As explained above, traceability was re-launched in Nyabibwe in October 2012. ITRI described the project as a great success as more than 200 tonnes of tin ore had been exported by February 2013.[89] Also the Dutch Ministry of Foreign Affairs seems to be pleased, as the US$1.7 million value of the first 200 tonne export already exceeds the ministry's financing for this three-year project.[90] It should however be questioned, to what extent export volume is an important indicator of success. Export volume is an indication that artisanal mining is reviving but whether it truly contributes to higher incomes, better living conditions and better security is another issue, which will be discussed hereafter.

ITRI stated that the situation at the mining site has improved substantially. At the start of the project no more than 100 miners were officially registered, due to the *de facto* embargo. By February 2013, cooperatives recorded 1,294 artisanal miners. Furthermore, ITRI claimed that the price that the miners

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[82] ITRI/Pact, *Success story: Nyabibwe comes back to life*, March 2013.; ITRI, *Conflict Free Tin Initiative partners visit South Kivu to view project success*, February 2013.
[83] Focus groups IPIS with artisanal miners, civil society representatives and women, Nyabibwe, April 2013.
[84] Focus groups IPIS with artisanal miners and wives of miners, Nyabibwe, April 2013.
[85] UN GoE final report 2012, op. cit., §232
[86] UN GoE final report 2012, op. cit., §231
[87] Focus groups IPIS with some wives of miners, Nyabibwe, April 2013.
[88] Focus groups IPIS with some wives of miners, Nyabibwe, April 2013.
[89] ITRI (February 2013), op. cit.
[90] The Dutch Ministry of Foreign Affairs granted the American international development organisation Pact US$1.3 million to operate iTSCi's field operations. (Source: Muambi A., *De prins en de mijnen*, OneWorld Magazine, 4 June 2013.)

received for their production had increased.[91] Indeed, in early 2012, miners received no more than US$2.5 per kilo of cassiterite,[92] while prices ranged from US$3 per kilo for raw minerals to US$5 for washed minerals, in April 2013.[93] Consequently, economic activity is gradually reviving in Nyabibwe. Miners are returning, shops are reopening, children are going back to school,[94] and people's incomes are rising again.

Miners themselves are also positive, though cautious. They confirm that the situation has been improving over the last year, but also indicate that incomes are not yet at pre-suspension levels. Before the presidential mining ban, they received up to US$7 per kilo.[95] This is supported by *négociants* who say they used to buy cassiterite for US$7 or US$8 per kilo, and sell it for US$12 in Bukavu or Goma. Nowadays miners only receive US$4 or US$5 per kilo, and sometimes even US$3 since a high quantity of arsenic was found in Nyabibwe's cassiterite.[96] This price drop does not reflect world market prices for tin which have increased slightly (Appendix 2).

Miners blame the monopoly position of WMC for the low prices, as it is currently the only *entité de traitement* that can buy tagged minerals from Nyabibwe.[97] WMC's monopoly is also a thorn in the flesh of the local mineral traders. They have been complaining that the company's low prices affect their capital, and believe that the situation could improve if there were more competition. *Négociants* stated that they do not understand why other buyers are not permitted to purchase from Nyabibwe, while ITRI gave several *comptoirs*, such as Global Mining Company (GMC), a positive assessment.[98]

Other actors such as a representative of the mining cooperative umbrella *Générale des Coopératives Minières du Kivu* (GECOMISKI), have declared that WMC's monopoly position is not the only reason why WMC offers such low prices. It explained that when the smelter, MSC, received its first batch of CFTI cassiterite, it was disappointed with the quality of the ore as it detected a lot of arsenic. This caused the latest price decrease, in March 2013.[99] Here, the price of tagged Kalimbi minerals actually fell below the price of untagged minerals. Consequently, the number of miners decreased significantly.[100]

Although lives are progressively improving, people are still unable to support a pre-suspension standard of living because of the lower levels of income they receive.[101] Local pit bosses, for example, state that before the mining ban they were able to invest in real estate in Bukavu or Goma, but nowadays they only have the means to put their savings into purchasing livestock.[102] Furthermore, while most children have now returned to school, as more parents can afford their children's schooling, not all schools had reopened by April 2013.[103]

Despite these concerns, local miners indicated that in general they support the traceability initiative. They hope it will help them to regain access to the world market. [104]

Finally, some slight improvements have been observed regarding working conditions at Kalimbi. Although CFTI itself does not address these issues, local stakeholders have been investing in it more recently themselves. Here, local cooperatives are providing equipment such as helmets, boots and water pumps to the miners and help them to shore up mineshafts in order to reduce accidents.[105]

[91] ITRI (February 2013), op. cit.
[92] PPA Governance Committee Members Summary Trip Report—Feb 4-8th, 2012-Mike Loch, Jay Celorie, Sasha Lezhnev, Fidel Bafilemba, Richard Robinson
[93] UN GoE midterm report 2013, op. cit., §183.
[94] ITRI/Pact (March 2013), op. cit.
[95] Focus groups IPIS with artisanal miners, civil society representatives and women, Nyabibwe, April 2013.
[96] Focus group IPIS with *négociants*, Nyabibwe, April 2013.
[97] Focus group IPIS with artisanal miners, Nyabibwe, April 2013.
[98] Focus group IPIS with *négociants*, Nyabibwe, April 2013.
[99] Interview IPIS with GECOMISKI president, Nyabibwe, April 2013.
[100] Pact, *Status Report iTSCi South Kivu Field Operations: October 2012 to June 2013*, iTSCi, p. 4.
[101] Focus groups IPIS with artisanal miners, civil society representatives and women, Nyabibwe, April 2013.
[102] Focus group IPIS with artisanal miners and PDGs, Nyabibwe, April 2013.
[103] Focus group IPIS with artisanal miners and PDGs, Nyabibwe, April 2013.
[104] Focus group IPIS with artisanal miners and PDGs, Nyabibwe, April 2013.
[105] Eindhovens Dagblad, *Alternatief voor delven tin DR Congo succes*, 4 May 2013.; ITRI (February 2013), op. cit.; Interview IPIS with CSAC representatives, Nyabibwe, April 2013.

Security situation

Over the last decade, several armed groups, particularly FARDC units, have gained control over several rich mines in the area, such as Kalimbi and Numbi.[106] Former CNDP units, integrated into the FARDC, and units controlled by ex-*Patriotes Résistants Congolais* (PARECO) commanders have reportedly been involved in cassiterite production and trade at Nyabibwe.[107] A 2009 IPIS study found out that *creuseurs* in the Kalimbi mine were forced to pay a weekly amount of US$100 to a FARDC commander deployed there under the 'Kimya 2' operation, to dislodge the *Forces démocratiques de libération du Rwanda* (FDLR) and Mayi Mayi rebels.[108]

Furthermore, a few years ago, competition over exploration rights between COMBECKA and COMIKA degenerated into violence, resulting in a fatal confrontation in July 2010.[109] Both cooperatives turned to military officers to enforce their position in Nyabibwe and protect their trading activities in 2010 and 2011.[110]

The security situation has however improved considerably in Nyabibwe over the last few years,[111] reportedly ever since former FARDC commander Colonel Sadam was removed from the area.[112] Also, before the start of the CFTI, a multistakeholder validation mission labelled the Kalimbi mine 'green' (conflict-free).[113] Nyabibwe inhabitants confirmed this observation, stating that the security situation had improved significantly, and that there are no military people at the mines for the moment.[114]

The Enough Project, however, reported earlier this year that it had spoken to Congolese police and army officials who admitted that they still receive a weekly allowance from mining cooperatives to guarantee security at the mines surrounding Nyabibwe.[115] Moreover, Global Witness stated that it uncovered the regular involvement of several FARDC officers in the smuggling of Kalimbi cassiterite. These reports clearly show the need for new mining site validations, as the last one dates back to 2011.[116] Nevertheless, these reports should not chase away international partners, as they only show how necessary it is to address these issues. The CFTI stated that it takes these reports seriously, is working on mitigation measures, and will stay engaged in the area.[117]

Analysis

The case of Nyabibwe offers interesting insights into the impact of initiatives that have recently been created to address the conflict mineral problem. As with Rubaya, international scrutiny appears to have had a positive impact on the security situation in Nyabibwe.

Nevertheless, reports of military involvement in Nyabibwe's mining sector continue. The fact that such incidents persist even in a mine as closely watched as Kalimbi shows that it is hard to create a 'confict-free' supply chain in the short term in a volatile environment like the Kivus. It is therefore important to realise that any path towards a totally conflict-free supply chain is long and complex. A continuous and progressive development plan is considered more advisable. 'Risk mitigation' seems to be a more adequate requirement for the time being.[118] This would allow companies to continue purchasing

[106] Stearns J. (2012), op. cit., p. 35.

[107] Final report of the Group of Experts on the Democratic Republic of the Congo, 23 November 2009, UN Doc. S/2009/603, §229; Final report of the Group of Experts on the Democratic Republic of the Congo, 29 November 2010, UN Doc. S/2010/596, §235; UN GoE final report 2011, op. cit., §463.

[108] Spittaels S. & Hilgert F., *Militarised Mining Areas in the Kivus*, IPIS, August 2009

[109] Cuvelier J. (November 2010), op. cit., p. 54.; Pole Institute (November 2010), op. cit., pp. 43-44.

[110] UN GoE final report 2011, op. cit., §463-465.

[111] UN GoE final report 2012, op. cit., §241.

[112] DRC Ministry of Mines/BGR, *CTC Standards Set – Kalimbi Baseline Audit Report*, September 2011, p. 5.

[113] Conflict-Free Tin Initiative website, *First Bags of Conflict-Free Tin Leave a Congolese Mine*, last accessed on 28 June 2013 (http://solutions-network.org/site-cfti/first-bags-of-conflict-free-tin-leave-a-congolese-mine/)

[114] Focus groups IPIS with artisanal miners, civil society representatives and women, Nyabibwe, April 2013.

[115] Enough Project, *Sourcing conflict-free minerals from the Kivus no longer a pipe dream, monitoring must follow*, 26 February 2013.

[116] Global Witness (May 2013), op. cit.

[117] CFTI, *Statement on conflict free status of the initiative*, unpublished draft statement.

[118] Stearns J., *Conflict minerals legislation*, Obama's law – The experts, last consulted on 12 September 2013 (http://www.obamaslaw.com/the-experts/jason-stearns/)

from mines with the occasional involvement of state security services. It would be put in place over a transitional period and strategies mitigating risk and improving the situation could be created. Consequently, companies would have to begin to withdraw if no improvement was made over time.[119] In the short term, this flexible approach would be more suitable and would avoid a potential *de facto* embargo on the Kivus' artisanal mining sector.[120] Stricter regulation would be considered in the longer term.

As with the Rubaya case, Nyabibwe shows how concrete initiatives, such as the tagging system, increase local stakeholders' belief that trade will revive. In fact, production and trade did actually increase, resulting in higher incomes and better living conditions, although they are not yet at pre-suspension levels.

Local stakeholders, however, complained about the monopoly position that the WMC currently enjoys. Local traders and miners believe that the monopoly affects their bargaining position and keeps prices down. This dissatisfaction could lead miners to move to other mining areas, or worse, opt to leave the formal sector altogether, in search of better prices. The potential for this to happen was observed when in 2013 the number of miners decreased significantly as the price of untagged minerals rose above that of tagged minerals due to impurities. It is therefore important that local actors are sufficiently involved, and that their concerns are addressed, without losing sight of competitive dynamics. It also shows how important financial incentives are when attempting to draw in local stakeholders and when discussing which actors should bear the costs of an initiative.

4. South Kivu - Idjwi

Background

Idjwi is an island lying in the middle of Lake Kivu between Rwanda and the DRC. The island is unique in that it has remained largely unaffected by the two Congo wars and, unlike the rest of eastern DRC, has not been plagued by the presence of armed groups, large-scale violence or human rights abuses.[121]

However, Idjwi is a significant part of the mineral smuggling chain. Minerals from the island and other parts of the province pass through Idjwi on their way to Rwanda.[122] The UN GoE described how minerals are passed into and laundered through the Rwandan certification system through the illegal purchase of tags.[123]

In 2007, mineral trade in Kamole, in the north of Idjwi (See map on page 5.), was controlled by the *Coopérative Minière et Agricole de Kamole* (COMIAK), with the backing of the traditional authorities. The cooperative bought wolframite (tungsten ore) from artisanal miners, and maximised its profits by offering them a low price. Also in 2007, Shamika, the Congolese subsidiary of a Canadian company of the same name, acquired exploration rights for most of the sites on the island, including Kamole. However, local authorities, together with the actors dominating the mining sector, managed to impede Shamika from establishing themselves permanently in the area. Today, COMIAK is still an essential actor in the mining sector in Idjwi, and Shamika, despite formally possessing the concession, does not buy minerals on the island.[124]

Case-specific initiatives

The latest iTSCi Status Report for South Kivu reports that baseline studies have been conducted for Idjwi's mining sites in Kamole and Lemera. The objective is to evaluate whether mining in these sites could be labeled as "conflict-free". Findings have been sent for approval to the iTSCi Governance Committee.[125]

[119] UN GoE final report 2012, op. cit., annex 72.

[120] Stearns J., *Conflict minerals legislation*, Obama's law – The experts, last consulted on 12 September 2013 (http://www.obamaslaw.com/the-experts/jason-stearns/)

[121] Cuvelier J., (November 2010) op. cit.

[122] Global Witness (May 2013), op. cit.

[123] UN GoE final report 2011, op. cit., §49; UN GoE final report 2012, op. cit., §163, 168; UN GoE midterm report 2013, op. cit., §190.

[124] For more information about the conflict between the local cooperatives and SHAMIKA, see Cuvelier J., (November 2010) op. cit.; Focus group IPIS with artisanal miners, Kamole, April 2013

[125] Pact, *Status Report iTSCi South Kivu Field Operations: October 2012 to June 2013*, iTSCi.

This indicates a clear interest in expanding the traceability system to Idjwi Island in the future. For the moment, however, other than the more general initiatives such as the presidential ban and due diligence requirements for companies sourcing from the DRC, very few initiatives have been developed to deal with Idjwi's artisanal mining sector.

Impact on mineral trade and socio-economic conditions

Idjwi's mining business was at its height in 2007. During that period, some people even sold their houses and cows in order to buy a mine pit in Kamole, a site in the northern part of the island. However, since 2009, the difficult working conditions and declining wolframite prices have led to some artisanal miners and traders moving off the island to other territories to dig for cassiterite.[126] During the 2010 suspension more miners moved off the island. Though this is not an absolute trend, the GoE has described how some miners have recently returned from other parts of eastern DRC to work in Idjwi.[127]

When the research team visited Kamole, interviewees highlighted the importance of the mining site. They explained how the mine had fostered development in several neighboring villages. However, as with other areas, the presidential mining ban seriously affected mineral trade in Idjwi. While many buyers from Bukavu visited Idjwi before the suspension, for a while they did not buy from the island. Local stakeholders said that nowadays two *négociants* from Bukavu buy minerals. With artisanal miners being able to resume work again, the situation has progressively improved.[128]

As outlined above, the decline in the wolframite trade saw many miners leave Kamole. There are more than one hundred pits but only between 40 and 50 are currently active.[129] The GoE have estimated that only half of the pre-suspension miners remain at the Kamole mining site.[130] People have not only left Kamole, but have also moved to subsistence agriculture as a result of the suspension.[131]

Before the suspension, *négociants* paid between US$11 and US$12 per kilogram of wolframite. When the ban was lifted in March 2011, *négociants* would offer no more than US$6.[132] This 50% price decrease made life difficult for artisanal miners on the ground at a time when world market prices increased substantially.[133] By July 2012, prices had risen once again, and *négociants* paid around US$9.[134] In May 2013, prices had decreased slightly compared to the previous year, to US$7-8, but this may have been due to a world market price decrease.[135] In the period from March 2011 to September 2013, world market prices stayed more stable than in the other period analysed above.[136]

There is also some cassiterite mining, for which *creuseurs* said they were currently paid US$6 per kilogram. As the price of wolframite is currently so close to the cassiterite price, an increasing number of miners dig for cassiterite.[137]

According to the interviewees, the general situation in the area was better before the suspension, when the mining sector provided a means of living for the population. They had better food habits and were able to send their children to school. Today, parents sometimes find it necessary to try to negotiate with education providers to secure an education for all of their children. Quite often, however, not all children go to secondary school, as it is too expensive.[138]

Before the ban, artisanal miners could receive, depending on their production, between US$5 and US$10 a day. They could invest in things such as small fishing boats, and could afford brick houses,

[126] Cuvelier J., (November 2010) op. cit.
[127] Focus group IPIS with artisanal miners, Kamole, May 2013; UN GoE final report 2012, op. cit., §236.
[128] Focus group IPIS with artisanal miners, Kamole, May 2013.
[129] Ibid.
[130] UN GoE final report 2012, op. cit., §228.
[131] Focus group IPIS with artisanal miners, Kamole, May 2013.
[132] Focus group IPIS with artisanal miners, Kamole, May 2013; UN GoE midterm report 2013, op. cit., §171; UN GoE final report 2012, op. cit., §228.
[133] See Appendix 3.
[134] UN GoE final report 2012, op. cit., §228.
[135] Focus group IPIS with artisanal miners, Kamole, May 2013.
[136] See Appendix 3
[137] Focus group IPIS with artisanal miners, Kamole, May 2013.
[138] Ibid.

which tend to be very rare in other rural areas in eastern DRC. This is something *creuseurs* claimed would not be possible with an income from agriculture.[139] Now they have to live on between 2,000 and 3,000 Congolese francs a day, the equivalent to US$2.2-3.3. They claimed that, with this income, it is even difficult for them to be able to have good food habits because the price of most consumer goods has increased in recent years.[140]

Security situation

The security situation has not changed much in Kamole in recent years. As mentioned above, there is no presence of armed groups on the island and only isolated robberies are detected.[141]

Analysis

As indicated above, migration tendencies were already detected from Idjwi Island to other parts of the province in 2009. Fluctuations in prices of a mineral, the discovery of a new mine in another area, or a combination of other factors can lead to *creuseurs* migrating. This fact makes it difficult to differentiate between the concrete effects of the different initiatives implemented in the mineral sector in recent times and pre-existing migration tendencies in eastern DRC.

The price fluctuations described above show that prices paid to *creuseurs* in Idjwi have recovered faster and tend to be higher than in some other mining areas in eastern DRC. This may be due to the island's role in the smuggling chain. As minerals are smuggled out of the country through Idjwi, the demands of the black market are satisfied. This higher demand on Idjwi might explain the price difference.

It is also important to highlight once more that Idjwi has been largely unaffected by the conflict in eastern DRC. This shows that the mining sector is not intrinsically linked to the conflict. Even though Idjwi possesses cassiterite and wolframite reserves, these mines have not been occupied by any armed group. This leaves a greater possibility for the mining sector to potentially contribute to the economy on the island. Although the general economic situation in Idjwi is very modest, the research team could observe some positive signs, such as the use of bricks for the construction of most houses.

5. Maniema – Kalima and Kailo

Background

The town of Kalima has been an important centre of mining activity since colonial times. By the end of the eighties, however, industrial mining declined. Consequently, the old company *Société Minière et Industrielle du Kivu* (Sominki) limited its activities to the commercialisation of minerals extracted from its concessions by artisanal miners.[142]

Over the last few decades artisanal mining has become an essential livelihood strategy around Kalima and Kailo (see map on page 5) in a similar manner to the Kivus. The situation is, however, considerably different, as mining has been free of militarisation and has not been as directly linked to conflict since the end of the Congolese wars.[143] Miners and other actors interviewed in Kailo and Kalima in May 2013 were happy with this situation, reporting an absence of security issues for over a decade and underlining the importance of artisanal mining for their income.[144]

[139] Ibid.
[140] Ibid.
[141] Ibid.
[142] Gregory Mthembu-Salter, *Social and economic dynamics of mining in Kalima, DRC*, Institute for Security Studies, April 2009, pp. 2-3.
[143] There a few areas in Maniema where armed groups have been involved in the mining sector. For more information, we would like to refer to a 2010 IPIS report: IPIS/International Alert, *The complexity of resource governance in a context of state fragility: An analysis of the mining sector in the Kivu hinterlands*, November 2010, pp. 37-39.
[144] Focus groups IPIS with artisanal miners and wives, Kalima and Kailo, May 2013.

Case-specific initiatives

Some initiatives have been launched to revive artisanal mining and trade in Maniema, particularly in Kailo and Kalima. In the second half of 2012, the Congolese government decided to revise the mineral trading pattern whereby direct transports from airstrips across Maniema are made to Goma and Bukavu, in the Kivus. The provincial government prohibited these flights.[145] This measure aims to distinguish Maniema's mineral production from that of the Kivus, which is associated with conflict minerals. As such, international buyers should be willing to buy the province's minerals, in light of the fact they are no longer contaminated by the reputation of the Kivu provinces.

Bypassing the Kivus, Maniema's minerals should now be transported by road or river to the provincial capital Kindu. In Kindu they should be loaded onto a train that takes them to the port of Kalemie on the shores of Lake Tanganyika in Northern Katanga, from where they are exported.[146] This represents the resumption of a historical export route for Sominki's tin, which has disappeared long ago because of a deterioration in the state of the province's roads and the decline of *Société Nationale des Chemins de Fer du Congo* (SNCC).[147]

Another effort to clean up Maniema's mineral reputation is the iTSCi program. When ITRI launched its traceability initiative in the province in December 2012, it stated that it would only initially be implemented in 'green' mines around Kailo and Kalima.[148] The Minister of Mines validated 17 sites around Kalima and 3 near Kailo in October 2012, after they had been qualified as 'green' a few months earlier by a joint validation team.[149]

Implementation of ITRI's traceability system is progressively expanding, even though a recent iTSCi report acknowledged that it is hampered by a shortage of local mining agents.[150] Local ITRI representatives informed the research team in May 2013 that labelling had started at 13 sites.[151] By the end of June 2013, tagging had already been launched at 23 sites.[152] The provincial Minister of Mines has banned export houses from purchasing minerals from the other sites in Kalima and Kailo where tagging has not yet started.[153]

Most of the mines in Kailo and Kalima are located in concessions that are held by the *Société Aurifère du Kivu-Maniema* (Sakima), the state-owned company responsible for the old Sominki cassiterite concessions. Therefore, a concerted approach involving ITRI and Sakima had to be worked out.

Although Sakima is in theory an industrial miner, it does not have the means to restart industrial exploitation. Therefore, Sakima has been tolerating the presence of artisanal miners on its concession.[154] Since the start of iTSCi, however, it has decided to return to the old Sominki policy, which involves dealing with interested buyers itself.[155]

The *comptoir* Maniema Mining Company (MMC) established itself in Kindu late last year. It has strong ties with MMR (see North Katanga case study at the end of this section), as it is one of MMC's three shareholders.[156] As a member of ITRI, it is permitted to buy tagged minerals from the Kalima and Kailo areas. However, it also had to strike a deal with Sakima. The two parties agreed that MMC could have a 3-year permit to be the sole buyer of minerals from a few selected concessions in Kailo and Kalima.[157]

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[145] Radio Okapi, *Maniema : 5 tonnes de cassitérite saisies à Lubutu*, 21 January 2013.
[146] Radio Okapi, *Katanga: 150 tonnes de cassitérite du Maniema exportées via le port de Kalemie*, 5 November 2012.
[147] IPIS/International Alert (November 2010), op. cit., p. 32.
[148] It did, however, recently carry out a feasibility study in Punia territory. (Sources: ITRI/Pact, *Press release: Launch of the iTSCi in the central area of the province of Maniema*, December 2013; Pact, *Status Report iTSCi Maniema Field Operations: January to June 2013*, iTSCi, p. 3.)
[149] One site near Kailo was validated 'yellow'. (Source: GoE midterm report 2013, op. cit., Annex 79.)
[150] Pact, *Status Report iTSCi Maniema Field Operations: January to June 2013*, iTSCi, p. 7.
[151] Interviews IPIS with ITRI representatives, Kalima, May 2013
[152] Pact, *Status Report iTSCi Maniema Field Operations: January to June 2013*, iTSCi, p. 3.
[153] GoE midterm report 2013, op. cit., §185, Annex 80.
[154] IPIS/International Alert (November 2010), op. cit., p. 34.
[155] Interview IPIS with Sakima vice-president, Kalima, May 2013.
[156] Interview IPIS with MMC representative, Sakima vice-president and ITRI representative, Kindu, May 2013.
[157] Ibid.

MMC had to pay a premium to Sakima, and has to pay a tax on the volume of minerals that it buys.[158] In the first half of the year, MMC paid between US$5 and US$7 per kilo of cassiterite to *négociants*.[159] The GoE reported that MMC had been buying from 11 mining sites, and had stocked 100 tons of tin ore ready for export by the end of May.[160] ITRI later stated that the first export of 200 tonnes of minerals was planned for early July 2013.[161]

By mid-2013, MMC was the only official buyer of minerals in Kailo and Kalima. Sakima noted the interest of a company called VALKO,[162] and government officials noted a large number of other *comptoirs* that are not currently active. The entity that seems to be most likely to start buying in the near future is *Société Minière du Maniema* (SOMIMA).[163] It is allegedly planning to start buying from local traders when the iTSCi process is in full operation. Moreover, it is planning to exploit minerals from its own concessions,[164] which it has already obtained outside of the Sakima perimeter.[165] According to local ITRI representatives, the company has already carried out a baseline study. For the moment, however, it is not yet buying as it is still addressing administrative issues.[166]

Impact on mineral trade and socio-economic conditions

Unsurprisingly, when the suspension and subsequent *de facto* embargo hit eastern Congo, local stakeholders in Kalima and Kailo were shocked as they claimed that their work had nothing to do with the conflict minerals issue in the Kivu provinces. As in other mining areas, the resulting situation was dramatic. Incomes and retail trade decreased, thefts increased significantly, and the number of school drop-outs also rose as parents could no longer afford their children's school fees.[167]

The prohibition on the export of Maniema's minerals via the Kivus, and their compulsory export through Kindu and Katanga, is a welcome decision. It addresses the old issues of the provincial capital Kindu being sidelined in mineral trade and of the province as a whole profiting little from its mineral wealth.[168] More importantly, it also has the potential to effectively revive trade, as it clearly distinguishes the province's minerals from those of the Kivus. It facilitates traceability and due diligence initiatives.

With regard to the implementation of the iTSCi tagging system in Kalima and Kailo, most miners indicated that they appreciated the presence of iTSCi and MMC because it reopened access to the world market. As in other case studies, however, miners complained that more *comptoirs* should be attracted in order to increase competition between them as mineral prices are still below pre-suspension levels.[169]

Miners in Kalima said they received between 6,000 and 8,000 Congolese francs per kilo of cassiterite before the suspension. When president Kabila lifted the suspension in March 2011, miners could sell one kilo of cassiterite for 1,500 to 3,000 Congolese francs, and they can receive 3,000 to 4,000 Congolese francs today. People stated that prices had started to rise since February 2013 as there are once again more *négociants* visiting the mines.[170] The prices are, however, still considerably lower than the pre-suspension prices, while tin world market prices have gradually increased since 2010 (See Appendix 2).

Similar trends have been witnessed in Kailo. Miners stated that in 2010 they received 6,000 to 7,000 Congolese francs per kilo of cassiterite. During the suspension, cassiterite prices collapsed to about 1,200 francs per kilo, and increased to 4,000 francs after the suspension. They are somewhere between 4,500 and 5,000 francs today. The situation for tungsten ore is different. As there are few *négociants*

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[158] Johnson D. (April 2013), op. cit., p. 46.
[159] Interviews IPIS with MMC representative, Sakima vice-president and ITRI representative, Kindu and Kalima, May 2013.
[160] GoE midterm report 2013, op. cit., §184.
[161] Pact, *Status Report iTSCi Maniema Field Operations: January to June 2013*, iTSCi, p. 4.
[162] Interview IPIS with Sakima vice-president, Kalima, May 2013.
[163] More detailed information on the company can be found in: Johnson D. (April 2013), op.cit., pp. 42-46.
[164] ITRI, *Preliminary company audit*, June 2013.
[165] UN GoE final report 2012, op. cit., §239.
[166] Interviews IPIS with ITRI representatives and state officials, Kalima and Kindu, May 2013.
[167] Radio Okapi, *La suspension de l'exploitation minière serait à la base de regain des cas de vol à Punia*, 22 February 2011.; Focus groups IPIS with artisanal miners and wives, Kalima and Kailo, May 2013.
[168] IPIS/International Alert (November 2010), op. cit., p. 32.
[169] Focus groups IPIS with miners and wives of miners, Kalima and Kailo, May 2013.
[170] Focus group IPIS with miners, Kalima, May 2013.

currently buying wolframite, one kilo is valued at no more than 2,500 Congolese francs. Therefore, most wolframite sites have emptied, as miners are turning to cassiterite.[171]

Although some miners left the mines to focus on other activities such as agriculture and pisciculture, whilst others left mining areas completely during the suspension, number of miners have returned to the mines with the increase in mineral prices in the first months of 2013. The number of miners has however not yet reached pre-suspension levels. Furthermore, as miners' incomes have risen modestly, life is progressively improving, although the standard of living is not yet at the level it was before the ban. Incomes are still lower than a few years ago and food prices have been quite stable.[172]

Miners' wives in Kalima and Kailo discussed the evolution of food prices. Prices of rice and manioc halved during the suspension, while prices of salt and bottles of oil were more stable.[173] A plausible explanation might be that manioc and rice are cultivated locally, and oil and salt need to be imported.[174] As many miners decided to return to agriculture during the suspension, this may have affected the price of products that are grown locally, including manioc and rice.

As mineral prices have not yet met pre-suspension levels, and the increase in mining has only been recent, the effects of this partial revival on households in these mining areas are still limited. Saving money remains difficult, and many children have not yet restarted school, although this is not a problem for younger children as primary school is free.[175]

It was also still too early to observe the effects of the slight revenue increases on the local markets when the research was carried out in May 2013. Most food prices were close to pre-suspension levels, though, interviewees were still complaining that money did not yet circulate as it had before. Commercial activity was considerably lower than a few years ago.[176] The research team also observed the same economic decline on the road between Kindu and Kalima. When the team took this road in the first half of 2010, it crossed numerous trucks packed with commodities for Kalima. Three years later very few trucks could be observed.

With regard to working conditions, miners still complained that they were atrocious. They explained that there are not enough tools such as helmets and water pumps. Furthermore, sanitary conditions are bad, injury incidence rates high and there are many safety issues, such as landslides and mine collapses.[177] Some miners linked these issues to the government's absence, and wondered why they were paying taxes when the government leaves them working in these conditions.[178]

Security situation

As explained above, the artisanal mining sector in Kalima and Kailo has been free from militarisation for many years. The initiatives that have been implemented over the last few years have therefore had no remarkable impact on the security situation in these areas. The only impact that has been observed was an increase in criminality, especially thefts, during the suspension.

Analysis

This case study shows the imperative behind need to avoid creating a negative image of the entire Congolese artisanal mining sector. The *de facto* embargo hit Kalima and Kailo hard despite the fact that they have been free from military involvement for many years. Up until late 2012, the effects of international scrutiny and the *de facto* embargo had not been good. Living conditions deteriorated substantially, and the security situation not only failed to improve, but, in fact, also deteriorated as the level of criminality increased.

[171] Focus group IPIS with miners, Kailo, May 2013.
[172] Focus groups IPIS with miners and wives of miners, Kalima and Kailo, May 2013.
[173] Focus groups IPIS with wives of miners, Kalima and Kailo, May 2013.
[174] RDC Ministère du Plan, *Monographie de la province du Maniema*, March 2004, pp. 39-42.
[175] Focus groups IPIS with miners and wives of miners, Kalima, May 2013.
[176] Focus groups IPIS with wives of miners, Kalima and Kailo, May 2013.
[177] Focus groups IPIS with miners, Kalima and Kailo, May 2013.
[178] Focus group IPIS with miners, Kalima, May 2013.

Stakeholders in Kalima and Kailo were generally in favour of ITRI's traceability project. Miners confirmed that the number of local traders visiting the mines had definitely increased since the project had been launched. And although the positive effects on their livelihoods are limited for the moment, they did believe that these effects would follow if the number of *comptoirs*, and consequently competition, increased.

Therefore, the government's initiative to clean up the reputation of Maniema's minerals, by separating its trading chain from the Kivu export routes, is a welcome initiative. It has the potential to reduce the resistance of mineral buyers on the world market to buying Maniema's minerals.

For those concessions at which MMC has acquired an exclusive right to buy minerals, competition will clearly not return. A similar situation exists in Katanga, where MMR enjoys exclusive buying rights in some mining sites (see the North Katanga case study at the end of this section).

Once again the question arises of whether miners would benefit most from a mining sector with multiple *comptoirs*, more competition and higher prices, or from a sector with a limited number of *comptoirs* that are forced to invest in local development. Interestingly, some miners claimed they were happier at the end of the eighties, when Sominki was still present and supported them. These miners stated that they believe the best road to development is the return of a company like Sominki,[179] which was similar to a 'closed pipeline' model. This assertion should however be heard with some circumspection, as some of the miners who made the statement in favour of Sominki were only in their early twenties and could never have experienced working as an artisanal miner in the Sominki-era. Furthermore, these statements appear to contradict other statements made by the miners, namely asking for more buyers in order to receive better prices.

6. Maniema – Lubutu

Background

The situation in Lubutu territory is quite distinct from the situation in Kalima and Kailo. The suspension and the consequent *de facto* embargo have hit Lubutu miners and local communities in the same way. However, the pre-suspension situation was different, as armed group involvement in the mining sector has been more of an issue. The impacts of governmental and traceability initiatives are also different, as efforts to revive the sector have been rather absent.

Case-specific initiatives

The most significant impact on Lubutu's mining sector has been the suspension and subsequent *de facto* embargo. However, the governmental decision to by-pass the Kivu provinces when exporting Maniema's minerals, as outlined above in the Kalima and Kailo case study, also applies to mineral production in Lubutu territory. Other than this, very little international attention has been given to Lubutu, and consequently no other initiatives have been developed to revive Lubutu's mineral trade.

Impact on mineral trade and socio-economic conditions

Despite the precarious working conditions, which include health and security issues, artisanal mining is an essential livelihood strategy in Lubutu territory. Miners explained that artisanal mining is not an enviable job and they would love to do something else, but that it is the only way to take care of their families. There are no alternative job opportunities for them in Lubutu. The suspension and *de facto* embargo therefore hit them hard. As tin prices crashed, due to the suspension and the embargo, miners' revenues did as well and socio-economic consequences were similar to those of Kalima and Kailo, described above.

While miners used to receive up to US$7 per kilo of cassiterite, this fell to around US$2 during the suspension and was at US$4 in May 2013.[180] The UN GoEs reported last year that artisanal miners in

[179] Focus groups IPIS with miners and wives of miners, Kalima, May 2013.
[180] Focus group with miners and SAESSCAM representatives, Lubutu, May 2013.

Ntufia, Lubutu territory, said that they continued to produce because they had no alternatives, despite the fact that there were hardly any buyers.[181] Others moved to other mines and minerals, while diamond and especially gold mining flourished. This prevented a total collapse of commercial activities.[182]

Besides the decline of the tin market, miners also complained about the province's decision to transport all minerals to Kindu before export. Lubutu's minerals were not previously transported to the provincial capital because of the appalling condition of Maniema's road infrastructure which is yet another illustration of the DRC's failing state infrastructure. Cassiterite was often air-freighted directly to Goma from the airstrip near Amisi.[183]

Miners complained that the provincial decision affects the prices they receive for their minerals, as it decreases the number of potential buyers and transport via Kindu is more expensive.[184] Although rail transport from Kindu onwards should be cheaper than direct air transport to Goma or Bukavu, it is argued that transport to Kindu especially is quite expensive. Current road conditions and the payment of pirogues and taxes along the road should be taken into account.[185] Investments in road infrastructure would address these issues to a large extent. For the moment, however, many minerals are fraudulently transported to North Kivu.[186]

An important difference between the province's mining sites near Kalima and Kailo, and those at Lubutu is that Lubutu has not yet been the subject of any initiatives to revive its mineral trade and production. A perfect illustration of this is the fact that the territory's SAESSCAM chief claimed the visit of the research team in May 2013 is the first international team that he has ever welcomed. The chief said that the only initiative he has heard of is iTSCi. So far, however, it has not yet been implemented and he doubted whether it would be feasible. [187]

SAESSCAM does not have the means to truly manage the territory's artisanal mining sector. It lacks equipment, means of transport and staff. The service has nine employees for the 16,000-square-kilometre territory, three of whom have to man the office in the principal town. It is therefore impossible for them to be present at the mining sites, and truly support the miners. Consequently, Lubutu's SAESSCAM chief questioned whether his service would be able to carry out and follow-up bagging and tagging mineral production.[188] This seems to be a valid concern, as ITRI has indicated that iTSCi implementation in Kalima and Kailo in Maniema and even Nyabibwe in South Kivu is hampered by a shortage of SAESSCAM and Mining Division agents.[189]

Security situation

While mining in Kalima and Kailo has been free of militarisation for around a decade, armed men have frequently been involved in Lubutu's mineral exploitation. A 2010 IPIS report described how FARDC, General Mando's Simba rebels, the FDLR and Mayi Mayi rebels all fought for control of mining sites in the territory, particularly in and around Maiko National Park. Local authorities even reported in 2010 that 8,000 to 10,000 civilians had fled the area between the river Osso and Bitule.[190] The study also revealed how FARDC soldiers and policemen in Lubutu were supervising mining activities, harassing miners and extorting money and minerals from them.[191] Miners that were interviewed in Lubutu in May 2013, confirmed that FARDC and officials of the migration service *Direction Générale de Migration* (DGM) still

[181] UN GoE final report 2012, op. cit., §226.
[182] UN GoE final report 2012, op. cit., §235.; Interview IPIS with local diamond trader, Lubutu, May 2013.; Interview IPIS with SAESSCAM official, Lubutu, May 2013.
[183] IPIS/International Alert (November 2010), op. cit., p. 36.
[184] Interview IPIS with miners, Lubutu, May 2013.
[185] Interview IPIS with a civil society representative, Kindu, May 2013.; Focus groups IPIS with miners, Kalima, Kailo and Lubutu, May 2013.
[186] For example: Radio Okapi, *Maniema : 5 tonnes de cassitérite saisies à Lubutu*, 21 January 2013.
[187] Interview IPIS with SAESSCAM official, Lubutu, May 2013.
[188] Ibid.
[189] Pact, *Status Report iTSCi South Kivu Field Operations: October 2012 to June 2013*, iTSCi, p. 7; Pact, *Status Report iTSCi Maniema Field Operations: January to June 2013*, iTSCi, p. 7.
[190] IPIS/International Alert (November 2010), op. cit., pp. 38-39.
[191] IPIS/International Alert, *Mining Hinterlands: Interactive web map of Maniema*, November 2010 (http://www.ipisresearch.be/maps/hinterland/Maniema/web/index.html).

impose illegal taxes, and occasionally even forced labour, on them.[192]

Analysis

Lubutu shows how more remote mining areas have been affected by the *de facto* embargo, but so far have not been subject of any other initiatives to revive trade. As such, miners experience the negative socio-economic consequences, but do not receive any support to overcome this.

To a certain extent, local stakeholders in Lubutu have coped with the tin sector's collapse by themselves, as there has been a move towards gold and diamonds. Accordingly, this case study is a good illustration of the conclusion reached by the GoE last year that where alternative minerals such as gold or diamonds are available, many diggers leave the 3T mines and start excavating these alternatives.[193] In this way, a serious local economic slowdown has been avoided.

However, if a slowdown in cassiterite mining simply revives mining in other minerals, it can also be questioned to what extent it impacts the security situation for the moment. Miners continued to complain about the illicit involvement of FARDC and other state agents in the mining sector.

Another notable element was the belief of Lubutu miners that there is a need for artisanal mining, despite the fact that it is not an enviable job. This shows that when reporting on the artisanal mining sector, one should not paint a rosy picture. Long-term development goals should aim to break local communities' dependence on artisanal mining. This should be a priority policy for the Congolese government in cooperation with the donor community. Nevertheless, in the short term many households depend on it for their survival, though the contribution of artisanal mining to household budgets and local development is sometimes questioned. (See Box 1)

Finally, miners did not appreciate the governments' decision to re-route all

Box 1. Creuseurs' incomes sustaining licentiousness or local development? A balanced perspective: the case of Katambwe.

The research team visited another area next to Lubutu outside of the main Sakima mining areas of Kalima and Kailo. Katambwe is located about 70 kilometres south of Kindu on the road to Kasongo. Within a radius of 5 kilometres there are almost a dozen small gold mines where around 150 *creuseurs* are working.[1]

This case study is useful in illustrating two potential sides to artisanal mining. On the one hand, artisanal mining can be an important provider of employment, income and local development. On the other hand, it has been claimed that revenues from mining are largely used for immediate consumption, including alcohol and prostitution, and as such does not benefit development.[2] Katambwe illustrates the importance of miners' problematic spending habits. It also shows, however, that despite the significance of the problem, advantages of the increased revenues, such as investments and trade are still essential.

Katambwe's artisanal miners explained that the extraction of gold is an essential source of revenue for them. They depend on their wives' work in the fields to feed their families, but the income from mining helps them, for example, to construct brick houses, or to put sheets of corrugated iron on their houses.[3] Some miners' wives, however, casted doubt on the importance of mining revenues for household budgets. They claimed that most of the money made from mining is already spent before it reaches the household. Other wives nuanced these statements saying that this income definitely did contribute to their budget, and that many of the men's excessive spending habits have been tempered over the last years.[4]

Interviewees explained that they sell to all kinds of retail traders that pass by on the way between Kasongo and Kindu. They all agreed that more traders are visiting their village than a few years ago, as gold production has increased. The fact that there are an increasing number of traders has also had a positive impact on commercial activities. Medicines and women's dresses have for example become less expensive and more affordable. Furthermore, some women that were interviewed reaffirmed this positive dynamic, affirming that traders also buy their agricultural production.[5]

[1] *Focus group IPIS with miners, Katambwe, May 2013.*
[2] Global Witness, *Coming clean: How supply chain controls can stop Congo's minerals trade fuelling conflict*, May 2012, p. 17.
[3] Focus group IPIS with miners, Katambwe, May 2013.
[4] Focus group IPIS with wives of miners, Katambwe, May 2013.
[5] Focus groups IPIS with miners and wives of miners, Katambwe, May 2013.

[192] Focus group with miners and SAESSCAM representatives, Lubutu, May 2013.
[193] UN GoE final report 2012, op. cit., §221.

mineral exports via Kindu. The main issue, however, does not seem to be the measure in itself, namely the alternative route, but the fact that logistical constraints increase costs for miners an local traders. This reveals the dire need for investments in infrastructure.

7. North Katanga – Kisengo and Sango Mutosha

Background

Discovered in March 2007, Kisengo developed into a significant coltan mine in terms of workers and output. Kisengo's small support village grew rapidly during its first years of activity to up to 20,000 inhabitants of which several thousand were miners.[194]

The number of artisanal miners has however decreased considerably over the last few years. While it was at its peak in 2008, it still had around 3,000 miners in 2010.[195] By early 2012, the number of miners had allegedly halved,[196] and by April 2013 SAESSCAM estimated that there were no more than 670 miners present. This spectacular decrease has been caused by the depletion of easily accessible tantalum ore, and the subsequent departure of miners to more promising mines, such as Musebe gold mine.[197]

Research was also conducted in Sango Mutosha, a small village where coltan was discovered in 2012. Currently, around 50 artisanal miners work on the site.[198]

Case-specific initiatives

ITRI's traceability scheme has been in place in North Katanga since April 2011. By October 2012, iTSCi estimated that the programme covered around 175 mines – approximately 80% of all registered mines in the province.[199] The system is said to be less problematic to implement in North Katanga in comparison with other provinces, as armed group activity is considerably lower than in the Kivu provinces – though it is definitely not negligible – and Mining Mineral Resources (MMR) is the only actor buying minerals in the four main mining sites.

At these sites, tagging is carried out by mining officials with the assistance of iTSCi staff. Congo Artisanal Mining Cooperative organises production and has a team of traders buying minerals at the pits. Once the minerals are tagged and stored in sealed bags, MMR transports them itself. Through this kind of vertical integration, MMR maintains a sort of "closed pipeline" between the mine and the export phase. This mechanism has attracted growing attention from the electronics industry and several international companies have decided to buy minerals from MMR under the umbrella of the "Solutions for Hope" project, launched in July 2011.[200] According to the last third-party audit report from August 2013, the project is in conformity with the OECD Due Diligence Guidance and CFS requirements.[201]

However, ITRI has reported that state mining services' lack of logistical means is a serious issue with regard to iTSCi's operation in Katanga. For example, in some cases, SAESSCAM agents have had to walk up to 70km or hitchhike in order to deliver a monthly report.[202]

The provincial government has also initiated another initiative worth mentioning here. This initiative aimed to orientate mineral trade and export towards Kalemie and the provincial capital Lubumbashi. Transport of minerals by plane was therefore forbidden and a tax of $5 per kg was imposed for minerals transferred to another province.[203] One aim of this measure was to direct more tax revenues from the

194 IPIS/International Alert (November 2010), op. cit.
195 IPIS/International Alert (November 2010), op. cit., p. 15.
196 Interview IPIS with artisanal miners, Kisengo, April 2013.
197 Ibid.
198 Interview IPIS with customary chief and artisanal miners representative, Sango Mutosha, April 2013.
199 Channel Research, *iTSCi Governance Assessment Katanga*. October 2012.
200 IPIS/CIFOR (December 2012), op. cit. p. 16; *'Solutions for Hope' Project Offers Solutions and Brings Hope to the People of the DRC*, last accessed on 31 October 2013 (http://solutions-network.org/site-solutionsforhope/).
201 AVX, *AVX and Solutions for Hope Summary Report: Closed Pipe Supply Chain Review*, August 2013.
202 Channel Research (October 2012) op. cit. p.30.
203 Channel Research, *iTSCi Field Governance Assesment, Katanga: Key issues and recommendations for mitigation measures*, April 2011-June 2012, p. 11.

mineral trade towards Lubumbashi. Another was to try to make a clear distinction between minerals from Northern Katanga and those from the Kivus. By avoiding the involvement of traders from the Kivus, where the link between mineral trading and conflict is strong, the "blood mineral" label could be avoided for Katangese minerals.

Impact on mineral trade and socio-economic conditions

A specific feature of the mining sector in Northern Katanga is the dominant position that MMR enjoys. It is a subsidiary of the Lubumbashi based company SOMIKA. In March 2010, the company signed a 5-year renewable contract with the Katangan Ministry of Mines and gained exclusive rights to buy minerals in the four major artisanal mines, including Kisengo.[204] From mid 2011, other *comptoirs* progressively entered the market in northern Katanga.[205] However, MMR still purchases most of the tantalum and tin ore production in the area[206] and is the "model partner" for iTSCi in Katanga.[207]

There has, however, been quite some controversy over MMR's presence. Even in 2010 other traders had complained about the "privileged" market position that MMR enjoyed and how they were regularly harassed and pushed to cease their activities in the area.[208] More recently, another dispute arose over the exploitation of Kahendwa. Both MMR and MINSERVE claim to be the beneficiaries and therefore claim to be authorized to exclusively buy minerals from the mine. However, at the moment, MMR is the only company operating in Kahendwa.[209]

Furthermore, miners complained about the prices paid by MMR for their production. Persistent protests took place in 2011 and 2012, as *creuseurs* attributed the low prices to MMR's dominant market position and the consequent lack of competition. In 2011, protests even resulted in the killing of two civilians when police and FARDC were deployed to control the situation.[210]

Impressions on the ground: mineral trade

Despite UN GoE reports that the official mineral trade in the province was at pre-suspension levels or higher in 2012,[211] local mining officials highlighted that the amount of *creuseurs* working in Northern Katanga's 3T sector has been reduced to approximately a quarter, since the second half of 2012.[212] Many miners have moved from mining 3T minerals to gold. It is argued that, due to the depletion of the most easily accessible minerals in the old 3T mines, significantly harder work is needed to dig enough ore to make a living.[213] Furthermore, as gold is not closely monitored and can easily be smuggled out of the country, its prices are not affected by the international scrutiny on conflict minerals. In early 2013, for example, the discovery of the Musebe gold mine attracted around 15,000 *creuseurs*.[214] Other sources indicate that there may be up to 30,000 miners in the site.[215]

According to a local miners' representative, actual coltan production in Kisengo has declined due to the decreasing number of artisanal miners. Musebe allegedly attracted around 1,000 miners from Kisengo in 2013.[216] Before, miners had already moved from Kisengo to other sites, such as Kahendwa, where coltan and cassiterite are sourced, or the gold mining site of Mamba.[217] Also, as mentioned above, artisanal miners find it progressively more difficult to source minerals. As the mine has been exploited for several years already, miners are now forced to source from less accessible layers. To do this, MMR

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[204] IPIS/International Alert (November 2010), op. cit., Chapter 1; AVX (August 2013), op. cit., p. 7.
[205] Channel Research (April 2011- June 2012), op. cit., p. 12
[206] According to official statistics from the *Division des Mines*, MMR produces approximately 87% of the total tin production in the area and virtually all tantalum; UN GoE final report 2012, op. cit., §230.
[207] Johnson D. (April 2013), op.cit., p. 37.
[208] IPIS/International Alert (November 2010), op. cit., Chapter 1.
[209] Interview IPIS with representative of a processing entity, Kalemie, April 2013.
[210] UN GoE final report 2011, op. cit., §477.
[211] UN GoE final report 2012, op. cit., §230.
[212] Interview IPIS with mining official, Kalemie, April 2013.
[213] Ibid.
[214] An IPIS Mapping team visited the site the 30/03/2013. For more concrete geographical information visit IPIS webmapping tool at http://ipisresearch.be/mapping/webmapping/
[215] Radio Okapi. *Katanga : 4 personnes succombent à des maux de tête et à la toux à la mine Musebe.* 25 June 2013.
[216] Interview IPIS with artisanal miners, Kisengo, April 2013.
[217] Ibid.

assists artisanal miners with machinery to allow them to access those difficult areas, and this improves their capacity to produce.[218]

Although artisanal miners have been complaining about the price they receive for their coltan production, coltan prices have actually risen steadily over the past few years. The price that *creuseurs* received for a kilogram of coltan rose from 8,000 Congolese francs in 2007 to 13,000 in 2010, according to local mining officials.[219] That year, MMR acquired the exclusive right to buy minerals from the site. In September 2012, MMR paid 30,600 Congolese Francs[220] per kilogram and by April 2013, the price had allegedly risen to 40,000 per kilogram.[221]

While it is worth noting that the prices paid to miners have increased considerably since the arrival of MMR, in 2010, it must also be taken into consideration that the price of tantalum on the international market has almost tripled since 2010.[222] The price paid to artisanal miners by MMR at Kisengo is a source of tension. The company explained that it cannot offer higher prices, as it incurs additional costs by giving the miners technical and material support, for example, by executing development projects and implementing tagging procedures.[223]

Impressions on the ground: socio-economic impact

Even by 2012, the UN GoE had noted that the implementation of due diligence measures aiming to break the links between the mineral trade and conflict in the area was having positive effects and modestly improving development in the area.[224] For example, as part of its agreement with the Provincial Government, MMR has made investments in infrastructure, schools and clinics in the areas near their concession. The local population that lives in these areas benefits from the services and their living conditions have generally improved. However, other areas where concession ownership is disputed, such as Kahendwa, or where MMR simply does not conduct operations, are left without investment.[225]

The artisanal miners interviewed in Kisengo confirmed that the situation has changed substantially over the last few years. MMR has invested in infrastructure in the area; the road connecting Kisengo with other areas has been improved and a bridge has been constructed. Before this bridge was built, it took considerably longer to get from the mine to Kalemie. MMR also built a new school in the Kisengo mining area.[226]

Regarding food production in Kisengo, MMR has put an interesting mechanism in place. The company has established several canteens where locally produced food is available for the miners. Interviewees noted that this mechanism allowed them to eat properly for a fairly cheap price, improving their food habits. [227]

However, in Sango Mutosha, where only around 50 artisanal miners work and there is little production, there is no infrastructure investment or support of any kind. For instance, there is no mechanised assistance to help the miners source from less accessible areas and the system of canteens is not implemented. Also, this lack of *encadrement* tends to push miners to move to bigger sites, where the MMR's assistance can more easily be found.[228]

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[218] Ibid.
[219] Interview IPIS with mining officials, Kisengo, April 2013.
[220] UN GoE final report 2012, op. cit., §230.
[221] Interview IPIS with artisanal miners, Kisengo, April 2013.
[222] See Appendix 1.
[223] UN GoE final report 2012, op. cit., §230.
[224] Ibid., §238.
[225] Ibid., §238; Interview IPIS with customary chief and artisanal miners representative, Sango Mutosha, April 2013.
[226] Interview IPIS with artisanal miners, Kisengo, April 2013.
[227] Ibid.
[228] Ibid.

Security situation

Compared to the Kivu provinces, the mining sector in Northern Katanga has suffered less from armed group interference in the last few years. However, security incidents involving the misbehavior of FARDC officials have frequently been reported in mining areas.[229]

In 2012, armed group activity was on the rise in the northern part of the province.[230] In October, iTSCi reported occasional visits by FARDC and Mayi Mayi rebels at several mining sites, including Luba, Kahendwa, Mitwaba, Maibaridi and Manono, as well as the imposition of forced labour.[231] Site tagging was even suspended in Mitwaba for a short period of time. However, no structural involvement of rebel groups was identified in the 3T sector. [232]

Regarding Kisengo, the final 2012 report by the UN GoE highlighted that the security situation had generally improved, as with most accessible and larger mining sites that are closely watched.[233] Miners confirmed this observation. They quoted the arrival of MMR and the implementation of the iTSCi traceability system as the reasons why the military is not present in the mine anymore. They also note that more general crimes, such as burglary, had decreased significantly since there were more police present in the area.[234]

Nevertheless, the increase of Mayi Mayi activity is a potential threat to the functioning and reliability of the traceability system, although at the moment it is not linked to the 3T supply chain.[235]

Analysis

Even though the implementation of traceability in Northern Katanga has generally been satisfactory, several issues remain.

MMR's investments in roads, schools and a clinic have the potential to spur local development. Road infrastructure, for example, increases trade and could modestly improve the rudimentary economic situation in the area. Some miners are departing from a purely subsistence economy and are now investing in other things such as housing.[236]

Though MMR's investments are helpful in the development of Kisengo, they cannot be a substitute for wider and broader development policies made by the DRC's (provincial) government. As a private actor driven by profit, MMR will only implement its development policies in larger centers of production, such as Kisengo, where a prolonged presence is profitable for the company. If the investments are only linked to areas where companies operate, other parts of the province will be left without any developmental support.

Despite MMR's investments, artisanal miners' protests over mineral prices persist. It is not unusual for local populations near mine sites to express mistrust and see companies' exploitation of resources in the area as illegitimate. Kisengo shows that there is a link between the way a mining concession is granted, without prior consultation in this case, and potential social conflict.[237]

Therefore, measures such as involving potentially affected local communities in the process of granting concessions would present a way of avoiding the escalation of social conflict. Prior consultation, transparency measures such as the full publication of agreements, and, more generally, participation of local civil society throughout the whole process could also have a positive effect. Existing efforts in this regard are welcome and should be improved.[238]

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[229] IPIS/International Alert (November 2010), op. cit., Chapter 1; De Koning R., *Demilitarizing mining areas in the Democratic Republic of the Congo: The case of northern Katanga province*, SIPRI, January 2010.

[230] UN GoE final report 2012, op. cit., Annex 75.

[231] Channel Research (October 2012), op. cit.

[232] Channel Research (October 2012), op. cit.

[233] UN GoE final report 2012, op. cit., §241.

[234] Interview IPIS with artisanal miners, Kisengo, April 2013.

[235] Channel Research (October 2012), op. cit., p. 37.

[236] Interview IPIS with artisanal miners, Kisengo, April 2013.

[237] Katende J. C., *L'explotaitation minière artisanale et les conflits sociaux: la place de la transparence*, Publish What You Pay, 5 September 2013.

[238] Mthembu-Salter G., *The 'conflict-free' status of minerals from Mai-Baridi and Luba, and the due diligence of MMR and CDMC: a*

Furthermore, it is important to concretely address miners' dissatisfaction with mineral prices by helping them to defend their interests collectively.[239] Negotiation and other multi-stakeholder mechanisms are welcome. MMR, the government and other stakeholders such as miners' cooperatives claimed that, currently, they agree on a minimum price for purchases made on-site.[240] It is, however, questionable whether miners' cooperatives truly represent and defend the interests of *creuseurs*. Many cooperatives were allegedly created with political or commercial influence.[241]

Finally, MMR's 'closed pipeline' enables it to affirm that its minerals are conflict-free. It has however been questioned whether 'closed pipelines' are an effective solution to the conflict minerals problem at large. Together with the monopoly position that MMR enjoys, this mechanism does not leave adequate opportunities for national actors to develop in the mineral sector. As its implementation requires a lot of resources, only companies with relevant investment capacity can engage in such business, leaving national actors out and missing the opportunity to develop a strong sector in the local economy.[242]

follow-up evaluation, Solutions for Hope, Phuzumoya Consulting, February 2012, p. 18.

[239] Channel Research (October 2012), op. cit., p. 37.

[240] OECD/IPIS, January 2013, op.cit., p. 19.

[241] Channel Research (October 2012), op. cit., p. 32.

[242] IPIS/CIFOR (December 2012), op. cit., p. 16.

General Findings

The previous section has provided several case studies of local mining communities in eastern DRC. It describes the effects on local stakeholders, particularly miners and their households, of the presidential mining ban, the subsequent *de facto* embargo on 3T minerals, and various other initiatives that aim to break the link between conflict and mining in the DRC. At the end of each case-study case-specific findings were analysed with regard to the impacts of these initiatives.

This section aims to examine some of the more general findings from the research on mining communities examined in the previous section, and from interviews with stakeholders in the eastern Congolese provincial capitals. The issues discussed canvass socio-economic consequences, the need for a comprehensive approach, local ownership, the question of political will, formalisation, lack of information in the field, and a lack of capacity to implement initiatives in the mining sector. Any potential EU initiative on responsible mineral sourcing should not overlook these issues.

1. Socio-economic consequences

All of the case studies revealed that the presidential suspension of artisanal mining had dramatic socio-economic consequences for local mining communities. The *de facto* embargo that followed this suspension, due to the international market's rejection of Congolese minerals after the Dodd-Frank Act, prolonged this situation. Some encouraging changes have, however, been observed in a few bigger mines, where certain initiatives have progressively improved the situation, as discussed below.

Nevertheless, most interviewees described the negative socio-economic consequences on their communities. They explained that they used to be able to send their children to school, buy medicine, and even invest in small livestock and save money. The means enabling this standard of living came largely from mining. As the mineral market declined, this standard of living did too. Mineral trade instigates the circulation of money in these communities.

On the other hand, some international reports have described the artisanal mining sector's lack of contribution to development in eastern Congo. Miners' incomes are often spent on the few readily available recreational activities, such as alcohol and prostitutes.[243] This fact raises the question of to what extent households actually experienced socio-economic consequences following decreases in mining incomes. The cases of Lubutu and Katambwe (see "Maniema – Lubutu" case study in previous section) offer a balanced account. They show how local stakeholders, and particularly miners' wives, recognize the significance of many miners' problematic spending habits. Nevertheless, in a conflict or post-conflict situation such as that in eastern Congo, very few alternative employment opportunities exist, and the artisanal mining sector proves to be an important motor for trade. Furthermore, as noted in the previous paragraph, the other case-studies describe how difficult the socio-economic effects of the suspension were for mining communities.

It is a blatant misconception to hold all conflict minerals initiatives responsible for the negative socio-economic phenomena associated with the *de facto* embargo. Most of the initiatives that have been created over the last few years address important issues and include smart provisions, which address informality and the conflict minerals problem, whilst leaving sufficient room for artisanal mining and trade to continue.

However, the action of devising initiatives has proved to be a double-edged sword. The negative image and reputation of the Congolese mining sector persist. The implementation of initiatives created to address the conflict minerals issue inevitably provokes further international attention and scrutiny. This can contribute to maintaining this negative image, disincentivising companies from buying minerals from the DRC and fostering a *de facto* embargo. This has been an important issue regarding the Dodd-Frank Act's Section 1502, and the process leading up to its creation. Future initiatives or legislation

[243] Both sources refer to a study jointly carried out by Catholic Relief Services (CRS), Catholic Committee Against Hunger and for Development (CCFD), Solidarités International, and Episcopal Commission on Natural Resources of the DRC Bishops' Conference (CERN). (Sources: UN GoE final report 2012, op. cit., §237.; Global Witness (May 2012), op. cit., p. 17.)

addressing the conflict minerals issue, such as the one to be established at European Union level, should not overlook this problematic paradox, which must be explicitly recognised and addressed.

Miners working and living in areas that were secure before the suspension, such as central Maniema, complained that the conflict minerals issue is generalised. Even though their mining sector is conflict-free, the market has declined their mineral output. Consequently, the Congolese government's initiative to separate the mineral trading chains of Northern Katanga and Maniema from Kivu exports is most welcome. Infrastructure investments are, however, needed to implement this measure smoothly, as logistical problems are currently making the re-routing quite expensive for local stakeholders, especially in Maniema's remote territories, such as Lubutu.

With regard to suspension, a total suspension of mineral production is very difficult to achieve in practice. As alternative employment opportunities are lacking in many areas, people are obliged to continue digging, despite the lower revenues. Although the numbers of diggers have decreased considerably at 3T mines, artisanal mining has always continued, even if there are no registered buyers. The 2011 IPIS report on the Bisie tin mine, where satellite images showed that activities continued during the mining ban, is a perfect illustration of this.[244]

This situation has led artisanal mining to become more closely linked with illegal behaviour.[245] Several actors recently reported widespread smuggling and noted, among the negative consequences of these practices, the potential involvement of criminal networks and the military.[246] Furthermore, as informality increases, it becomes harder to control and address issues such as working conditions, child labour and safety standards.

Most stakeholders have now realised that a mining suspension is not an effective measure. Whilst none of the initiatives have aimed at a total suspension, after the presidential mining ban, local traders and miners have in actuality been experiencing a shut down in the 3T trade.

Over the last year, however, several areas have witnessed a progressive increase in mineral trade and production. Consequently the socio-economic situation has been gradually improving in these areas. This revival has often been due to the implementation of very concrete initiatives, especially tagging, but also, for example, the creation of *centre de n*égoce in the case of Rubaya. For the moment, other approaches to due diligence have been overshadowed by the iTSCi project. As a consequence, there are very few buyers willing to purchase untagged minerals.[247] As a result, the positive developments are often limited to the areas where the tagging system is implemented. Some stakeholders indicated that they were happy that at least Chinese companies were still willing to buy untagged minerals, despite allegations that they have been financing armed groups and ignoring due diligence requirements.

2. The need for a comprehensive approach

An essential remark, which has already been made by many experts but is worth restating here, is that the DRC's natural resources are not the cause of the conflict in the country. However, minerals are definitely an important factor in prolonging it, and still contribute to insecurity in the eastern part of the country. Therefore, any conflict resolution strategy needs to be comprehensive. This means that such strategies need to address the conflict minerals situation, but not be limited to it. Other factors that require attention when devising conflict resolution strategies are, among other things, governance and mining sector reforms, the disarmament demobilisation and reintegration (DDR) of armed groups, security sector reform (SSR), conflicts over land, refugees, a lack of state authority in the east and corruption.

Although the artisanal mining sector is an essential source of revenue for armed groups, there are alternatives. These groups prey on any local economic activity or resources that might yield revenues for them. Past reports by various NGOs, research institutes, academic researchers and particularly the UN

[244] Zingg Wimmer S. & Hilgert F. (November 2011), op. cit.
[245] Geenen S. (September 2012), op. cit.
[246] UN GoE midterm report 2013, op. cit., § 187-190; Global Witness (May 2013), op. cit., p. 6.
[247] UN GoE midterm report 2013, op. cit., §170.

GoE have described how armed groups acquire money through means such as illicit taxation, trade in charcoal, poaching, and foreign support networks.

Nevertheless, last year the GoE reported that conflict financing had decreased.[248] Furthermore, the case-studies show how security has improved in several mining areas. This mainly concerns the most accessible areas that are closely watched by the international community, however. Security issues persist in more remote mining sites.[249] In fact, last year Oxfam reported that communities across eastern DRC felt that the security situation had deteriorated. The report described activities such as forced labour, killings, lootings, abductions, forced recruitment and extortion by armed groups including army units. Furthermore, it identified a rise in ethnically motivated violence.[250] Armed group activities have certainly increased over the last two years with rebel groups such as the M23, Nduma Defence of Congo (NDC) led by Sheka, the Allied Democratic Forces (ADF), Raïa Mutomboki and Bakata Katanga.[251] Although these observations do not demonstrate a failure to address the conflict minerals issue, they show that there is a wide range of other issues that need to be addressed to solve the conflict and insecurity in eastern Congo.

The Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) from the International Conference on the Great Lakes Region (ICGLR) addresses this issue to a certain extent. RINR is just one of the ICGLR's programmes. Others include a focus on 'Democracy and Good Governance', 'Peace and Security', and 'Development and Regional Integration'. By taking these multiple approaches, the ICGLR meets the criticism that conflict minerals initiatives tend to narrow approaches to conflict reduction down to minerals.

3. Local ownership

Due diligence, traceability and certification in the Congolese artisanal mining sector undoubtedly address essential problems with regard to conflict minerals. However, the successful implementation of these instruments requires sufficient local buy-in. It is important to take into account local stakeholders' views, as the above-mentioned technical tools need to be implemented in full appreciation of an environment's proper complexities and specificities.

Nevertheless, it has been claimed that initiatives are created with little consultation with local stakeholders, but are, rather, imposed upon them.[252] If the international community makes demands on local actors in the artisanal mining sector through the implementation of initiatives, it should consider helping them to comply with those requirements. Ignoring local actors' difficulties in meeting such requirements risks reinforcing the *de facto* embargo and preventing effective implementation of the different initiatives. Moreover, providing local stakeholders with assistance would also strengthen their capacity in general.

Actors within the donor community who wish to address the Congolese conflict minerals issue should therefore be careful of causing adverse effects. Next to the creation of technical tools, it is important to reach out to local actors and to accompany the Congolese government through the implementation of initiatives. An essential precondition, however, is the government's commitment to this process, discussed in the following subsection on political will. The ICGLR's program addressing illegal mineral exploitation and related security issues, namely RINR, addresses this issue to a certain extent. It increases the region's local ownership, as ICGLR is a political platform of twelve states of the region.

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248 UN GoE final report 2012, op. cit., §221.

249 UN GoE final report 2012, op. cit., §241.

250 Van Damme S., *Commodities of war: Communities speak out on the true cost of conflict in eastern DRC*, Oxfam, November 2012, p. 2.

251 UN GoE midterm report 2013, op. cit., §187-190.; UN GoE final report 2012, op. cit.

252 Mvemba Phezo Dizolele, for example, complains about it in relation to the Dodd-Frank Act, Section 1502. (Source: Dizolele M. P., *The costs and consequences of Dodd-Frank section 1502: Impacts on America and the Congo*, testimony at the Subcommittee on International Monetary Policy and Trade, US House of Representatives Committee of Financial Services, 10 May 2012.); Interviews IPIS with academic researchers, civil society representatives and some local stakeholders of the mining sector, Goma and Bukavu, April 2013.

An illustration of the risk of ignoring local dynamics, which can lead to a lack of local ownership, is found in the way closed pipelines are currently implemented in the DRC. Vertical integration has been implemented by MMR in North Katanga (see the North Katanga – Kisengo and Sango Mutosha case study in the previous section), MSC and WMC in Nyabibwe (see the South Kivu – Nyabibwe case study in the previous section) and MMC in Kalima and Kailo (see the Maniema - Kalima and Kailo case study in the previous section). The positive aspect of vertical integration initiatives is that that they have revived mineral trade after the suspension and facilitated the implementation of traceability projects. However, vertical integration has also created new tensions. Local miners complain about the monopoly position that closed pipelines create, and the subsequent low prices they receive for their production. Furthermore, it is questionable whether vertical integration leaves adequate opportunity for national actors, as it requires significant resources. This can increase inequality by marginalising those actors that do not have the capacity to produce evidence of compliance with the rules.[253]

While local actors face difficulties in having to familiarise themselves with various requirements and meeting them, the will to do so is clearly another issue. Miners' incentives are discussed in the 'formalisation' subsection, and the government's motivation is discussed in the following subsection.

4. Political will

Lack of political will is an oft-cited reason for the government's deficient of control over the artisanal mining sector and the conflict minerals issue. Political will, however, is also a clear issue at the regional level. Despite the ICGLR's assets, such as local ownership, its comprehensive approach and recognition of the regional dimension of conflict minerals, it has been lacking vigour. Over the last few years, the ICGLR's functioning has often been difficult. It could be questioned whether there truly is regional interest in dealing with the conflict in eastern Congo; consider, for example, reports of neighbouring countries' backing of armed groups in DRC.[254] However, an effective solution to the conflict minerals issue will require a regional dimension, and as a consequence it will necessarily involve the country's neighbours.

The Congolese government itself also lacks strong political will to increase control over its artisanal mining sector. This could be due to the lack of a strong financial incentive. It requires a lot of effort to deal with a sector that involves an estimated 500,000 to two million people, for a limited financial return, especially when considering the taxes that can be taken from the industrial mining sector.[255] Nevertheless, it is important that the Congolese government be not only eager to receive industrial miners' tax payments, but that it also recognise the importance of the artisanal mining sector for its population and local development.

Taking into account its lack of political will, the Congolese government should not only be supported, but should also be pushed to increase control over the artisanal mining sector. Partners should however be careful that this pressure does not result in measures that have repercussions on the artisanal mining sector in case of non-compliance by the government, which might lead to a reinforcement of the *de facto* embargo. It should be remembered that it is not the Congolese government that suffers the most from this - the presidential mining ban as a hasty response to international pressure on the Congolese government is illustrative of this.

[253] IPIS/CIFOR (December 2012), op. cit., pp. 16-17.

[254] UN GoE final report 2012, op. cit., p. 3.

[255] For example, a 2011 IPIS report estimated that if the province's gold chain were entirely formalised, the Congolese government would have earned more than US$25 million in tax revenues under the tax regime that was applicable in 2010. Also in 2010, Tenke Fungurume Mining (TFM), the biggest industrial mining company in the country excluding oil companies, paid about US$100 million to the Congolese Treasury. (Source: Matthysen K., Hilgert F., Schouten P. & Mabolia A., *A detailed analysis of Orientale Province's gold sector*, IPIS/GIZ/ICGLR, December 2011, unpublished, pp. 42-48; EITI, *DRC report 2010*, December 2012, p. 29.)

5. Formalisation

Formalisation is the embodiment of artisanal mining in a legal framework that is governed by the state.[256] It could potentially increase control over and improve governance of the artisanal mining sector. As such, it is more amenable to the enforcement of regulations and standards, and makes it easier for numerous agencies to engage with actors within the sector. It could help to address issues linked to artisanal mining, such as underdevelopment, poverty, labour conditions, environmental degradation, insecurity and conflict financing. It can be argued that a well-implemented formalisation process would increase the chances of success for initiatives addressing the conflict minerals issue.

Due to the lack of state authority in eastern DRC, efforts to stimulate artisanal miners to start working formally have largely faltered to date.[257] Furthermore, incentives for miners to abide to formalisation are lacking, as in practice miners do not see any benefit from this process.[258] Additionally, local state agents do not have the means to put formalisation provisions into practice. This could be for several reasons, such as capacity issues, lack of government commitment and widespread corruption. Support from external partners to stimulate formalisation is therefore welcome. It is worth mentioning PROMINES, the programme funded by the World Bank and the UK, which aims to improve the legal status, working practices and economic returns of artisanal mining in the DRC.[259]

As previously suggested, if demands are made on local actors in the artisanal mining sector, these actors should be actively supported to comply with these requirements. Therefore, as the international community develops a wide range of initiatives that impact upon the Congolese artisanal mining sector, it should also support a well-balanced formalisation process.

Other essential issues to be addressed in implementing a successful formalisation exercise are levels of corruption and lack of trust. Trust between miners and local state agents is crucial to instigating formalisation, as well as for its further functioning.[260] As corruption is ubiquitous, and state agents constantly extort from miners and local traders, their relationship is largely characterised by mistrust. This is an enormous problem for the implementation of formalisation.[261]

Clearly, a wide range of issues need to be addressed in order to create a successful formalisation process. Such a process is time-consuming and requires great effort. Furthermore, it should not be considered a panacea and must be carefully developed to absorb existing customary practices into the legal sphere.[262] Numerous scholars and researchers have elaborated in more detail on how this could be done in the Congolese context.[263]

6. The lack of information in the field

Another clear issue is the lack of information on the initiatives in the field and even in eastern DRC's main cities. Several important stakeholders in the country's artisanal mining sector could not list the initiatives that affect them, let alone interpret them. Sakima's vice-president, for example, was well aware of the EITI and ITRI's traceability scheme, but did not know of any other initiatives or policies, such as due diligence requirements or the US Dodd-Frank legislation. Numerous similar examples can be given.

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[256] Geenen S. (September 2012), op. cit., pp. 322–330.

[257] The regularisation of artisanal mining has been included in the 2002 mining code, but implementation is faltering. More information on this can be found in: IPIS/CIFOR (December 2012), op. cit., pp. 12-13.

[258] They deem the official artisanal miner's card too expensive, as in practice they get nothing in return for card ownership. Possible benefits could be technical support, better infrastructure, better working conditions, or security of tenure. (Source: IPIS/CIFOR (December 2012), op. cit., pp. 12-13.)

[259] IPIS/CIFOR (December 2012), op. cit., pp. 20-21, 31-32.

[260] Schure J., Ingram V., Chupezi J.T. & Cleto N., *Is the god of diamonds alone? The role of institutions in artisanal mining in forest landscapes, Congo Basin*, Resources Policy, 36, 4, 2011, pp. 363-371, p. 370.

[261] Spiegel S. J., *Formalisation policies, informal resource sectors and the de-/re-centralisation of power: Geographies of inequality in Africa and Asia*, CIFOR, December 2012,p. 4.

[262] Siegel and Vega in: Spiegel S. J. (December 2012), op. cit., p. 8.

[263] Geenen S. (September 2012), op. cit.; Blore S., *Trading tenure for formalisation: A new approach to the licensing of artisanal diamond mining in the DRC*, in: Van Bockstael S. & Vlassenroot K. (eds.), *A farmer's best friend? Artisanal diamond mining and rural change in West and Central Africa*, Egmont Institute, Gent, Academia Press, 2012, pp. 33-67.

A president of a miners' cooperative, based in Goma, explained the problem very clearly. He stated that the majority of local stakeholders do not know the content of any of the initiatives but that they all know the consequences very well, as they experience them every day.[264]

ITRI seems to be the only body that has managed to create some awareness of its initiative in the field, namely iTSCi. Quite often, when the research team questioned interviewees in isolated areas about their knowledge of the initiatives, ITRI's tagging system was the only one of which they had a notion. This awareness seems to have had a positive effect on its reputation in the field. Although many stakeholders did not really have an advanced understanding of the mechanism, many considered it to be a way out of the current *de facto* embargo.

Whilst there is a lack of knowledge in the main towns, this is even worse in the countryside, where the mines themselves can be found. Neither the government nor the creators of initiatives have made any real efforts to explain these projects in the field. Very few Congolese are invited to high-level conferences where the initiatives are shaped and their impact discussed. Consequently knowledge about the initiatives in the field is affected. A local researcher complained how donors, when they invite Congolese stakeholders, always invite the same individuals to these conferences, and that those individuals are not the ones who are present in the field.[265]

7. The lack of capacity to implement initiatives in the mining sector

The implementation of most of the initiatives analysed in this report requires the involvement and active participation of the Congolese government and Congolese state services. For the moment, however, all Congolese actors involved in the mining sector lack the necessary capacity to be able to implement the initiatives.

Agencies such as CEEC, SAESSCAM and the Mining Division have to supervise the artisanal mining sector over a vast area with an insufficient number of personnel, few vehicles, and a lack of technical training. These very same, often corrupt, services not only have to tag the bags for the traceability schemes, for example, but are also responsible for implementing certification mechanisms at the mining sites. It is only possible for them to be present at a small minority of the sites to carry out their task of supervising the artisanal mining sector. It can therefore be questioned to what extent these state agencies are ready to implement the initiatives, let alone expand to other mining areas.

An issue linked to lack of resources and means is the issue of corruption. This should not be overlooked. The fact that most state agencies are underfunded and their personnel are underpaid makes them very vulnerable to corruption and conflicts of interest. The participation of Congolese public services in the implementation of initiatives linked to the mining sector will not be effective if the issue of structural corruption is not seriously addressed.

As the Congolese government is responsible for the management of its artisanal mining sector, it is also the main player in coordinating the implementation of present and hypothetical future initiatives. As previously noted, it is therefore essential that international partners work with the Congolese government in this coordination role and help it to implement the initiatives. This is, of course, not only a matter of capacity, but also of commitment.

[264] Interview IPIS with representative of *Coopérative des exploitants artisanaux miniers de Masisi (COOPERAMMA)*, Goma, April 2013.

[265] Interview IPIS with an academic researcher, Bukavu, April 2013.

Conclusions and recommendations

The exploitation of minerals is an important source of income for many communities in eastern DRC. Yet this mineral wealth also plays a significant role in the continuation of insecurity in parts of the country. Revenues from mineral trade have given armed groups the means to operate, and provided off-budget funding to (often poorly paid) state security forces. Whilst recognising that this mineral wealth is not one of the root-causes of conflict, their trade does play a central role in funding and fuelling conflicts in the DRC, further weakening the already fragile government.

The Congolese state is unable to control large parts of its territory, underpays its security forces that often lack discipline following several flawed rebel-military integration exercises, and leaves security vacuums that are rapidly filled by armed groups. Governance, rather than serving the population, is often characterised by corruption, and ties with the population are almost absent. In addition, the country's lengthy and porous borders enable conflicts to take on a regional dimension. These regional issues include refugee problems, foreign rebels seeking shelter in eastern DRC, and neighbouring countries stirring instability in the country. The 'conflict minerals' problem is situated within this complex network of political, governmental, societal and economic deficiencies.

Over recent years, the international community has developed several initiatives to address conflict mineral issues. Many of these initiatives have been touched upon in the introduction and Annex Four, and some of them have been discussed in the case studies of this research. These initiatives have been developed in addition to efforts related to peacekeeping and peacebuilding, humanitarian assistance and development projects. It illustrates an increasing recognition that all stakeholders have a responsibility to address conflict minerals: the national government, international and regional organisations, and companies. It is a shared responsibility. This has recently also been recognised by the EU, which is currently considering proposing an initiative on responsible sourcing from conflict-affected and high-risk areas.

The concluding part of this paper will draw general conclusions from this report's case studies on the impact of initiatives to address conflict minerals on livelihood strategies of local communities. In addition, based on the findings of this research, some key recommendations for a possible EU initiative on responsible sourcing will be made by the European Network for Central Africa (EurAc) and its members.

Conclusions: the impact of initiatives on eastern Congolese mining communities

As the different effects of initiatives to address conflict minerals have overlapped, it is impossible to assess their individual impacts in complete isolation. Nonetheless, this study and previous reports have revealed some findings that can be linked to certain individual initiatives. Although the presidential mining ban (2010) aimed to tackle the militarisation of the artisanal mining sector in eastern DRC, it actually increased insecurity and the FARDC's involvement in the sector. Furthermore, the measure has had dramatic socio-economic consequences for local mining communities; socio-economic malaise continued even after the presidential suspension ended in March 2011. In addition, most international mineral traders abstained from returning to the DRC in reaction to Section 1502 of the American Dodd-Frank Act. The consequent de facto embargo has hit eastern Congolese artisanal mining communities, and its effects are still visible today, especially in the more isolated mining areas. On the other hand, Dodd-Frank has coerced different players in the supply chain to start taking action on the conflict minerals issue.

Regarding the socio-economic difficulties of mining communities, there has been some improvement over the last year. Mineral trade has reprised, to a certain extent, in less isolated mining areas that are more closely watched by the international community and local stakeholders. In these areas concrete initiatives, such as ITRI's traceability mechanism and the implementation of closed pipelines in North Katanga and Nyabibwe have increased local stakeholders' belief that trade will revive. It has attracted miners and increased (official) production, which has resulted in higher incomes and better living conditions in several areas, although not yet to pre-suspension levels.

On the other hand, more remote mining areas, which have also been heavily affected by the de facto embargo, have not yet been subject of any other initiatives to resuscitate trade. As such, miners feel the negative socio-economic consequences, but receive no support to gradually overcome these problems. In many areas, such as North Katanga, miners have responded to the decline of the 3T sector by turning to the informal gold sector, which does not solve the conflict minerals issue or the high level of informality.

Regarding the security situation, international scrutiny seems to have had a positive impact on conflict financing from minerals. Once again, the security situation has improved, particularly in the more accessible, less remote mining sites. Although difficult to illustrate a direct link between the implementation of various initiatives and the improvement of the security situation, in most cases these two events did occur in succession.

Meanwhile the more remote mining areas, such as Lubutu or Walikale territory, have not experienced an improvement of the security situation due to the discussed initiatives. Local stakeholders warned of a potential adverse effect in these areas. It has often been argued that the absence of mining activities and high unemployment rates facilitates the enrollment, especially of young people, in armed groups. This reflects the complexity of the situation as, paradoxically, mining activities attract armed groups in need of funding. But without mining activities, community members often have no means of income and might therefore be more amenable to recruitment by armed groups.

Furthermore, investments in community (infra)structure(s) that accompany the initiatives, for example by the companies within the closed pipelines, are beneficial for local development. However, they cannot substitute for a wider and broader development policy of the DRC (Provincial) Government. If investments are only linked to areas where companies operate, other parts of territories are left without development support, which can lead to a scattered and limited impact.

Governance has traditionally been a significant flaw in eastern DRC, and more than ever it is an essential issue to ensure the success of initiatives. Building the capacity of mining services and local state agents, to enable them to accompany the implementation of certification and tagging systems, will be of utmost importance for their success. ITRI has, for example, indicated that the implementation of iTSCi is hampered by the shortage of agents in the mining services. Monitoring and certifying the artisanal mining sector cannot be sustainable in the long term without heightened capacity of the local, provincial and national administration.

Besides reaching out to local state agents, existing and new initiatives should also consider how to ensure the buy-in of local communities. Transparency and measures to increase local participation, such as prior consultation, will likely have positive effects such as overcoming the risk of potential social conflict. Banro's activities in South Kivu, MPC's presence in Bisie, and MMR and WMC's monopoly positions in Kisengo and Nyabibwe, are all illustrative examples of how inadequate consultation can cause tension. Even a well-considered initiative, such as the government's decision to separate Maniema's trading chain from the Kivu exports, has incited resistance, as miners did not (immediately) see the benefits of it. Dissatisfaction can lead miners and other local actors within the mineral supply chain to move to other mining areas, or worse, opt to leave the formal sector altogether, in search of better revenue. The gold mining sector in eastern DRC, which is almost completely informal, is a potential sector for people to move to. In North Katanga, for example, somewhere between 15,000 and 30,000 miners started working in the new gold mine Musebe in the first half of 2013.

Recommendations of the European Network for Central Africa: important considerations for a possible EU initiative

On several occasions in 2013, the European Commission (and the European External Action Service) has announced its intention to propose an initiative on responsible sourcing of minerals from conflict-affected and high-risk areas. The European Network for Central Africa (EurAc) has made recommendations on several occasions regarding this possible EU initiative, including in the civil society position paper '*Breaking the links between natural resources and conflict: The case for EU regulation*' published in September 2013. On the basis of this report's findings, EurAc would also like to make some recommendations regarding the EU initiative.

Ensuring that those in the EU's jurisdiction source natural resources in a way that benefits local populations in producing countries - as much as they benefit European businesses and consumers - is key to this European initiative. With its significant market leverage, the EU has an opportunity to influence global supply chains and incentivise other jurisdictions to take similar action.

Whilst considering the formulation of this initiative and its effectiveness in addressing the links between natural resources and conflict, it is important for the EU to take into account some of the lessons learned outlined in this report. Specifically regarding the DRC, such consideration should allow for the initiative to be developed in such a way that it can galvanise regional and local efforts to fight illegal exploitation of natural resources, and help to formalise all segments of the country's extractive sector.

A significant impact of earlier initiatives, and in particular the Dodd-Frank Act, has been the momentum that it created for key players in supply chains to start working on conflict minerals. This highlights the need for the EU to take decisive actions (i.e. a mandatory initiative), while considering the mitigation of adverse impacts on local communities. *We therefore recommend that the EU creates a* ***legally binding obligation*** *on business to conduct* ***supply chain due diligence*** *to identify and mitigate the risk of conflict financing and human rights abuse*;

Another critical element that becomes clear from the DRC and this research is that, because of the fact that many (international) initiatives were directed at the DRC or the Great Lakes Region only, companies have decided to source minerals from elsewhere, where strict controls and reporting are not applicable. This has created the often-mentioned *de facto* embargo in the DRC, which severely harmed the key source of income of local mining communities and impacted upon their livelihoods. It is important for the EU to take into account the potential impact of a geographically and materially selective approach towards conflict minerals. Consequently, the EU should aim to prevent developing an initiative that causes similar effects. In doing so it is important that the EU initiative goes beyond Central Africa and the 3Ts and also takes into account the impact of all natural resources on dimensions of conflicts worldwide, for example in Burma, Columbia, the Central African Republic and Zimbabwe. *We therefore recommend that the EU initiative has a* ***global geographical scope****, meaning that due diligence should be conducted on supply chains originating in any conflict-affected and high-risk area, and has a* ***broad material scope*** *applicable to all natural resources*.

This report's case studies have shown various and often rapidly changing security situations throughout eastern DRC. This underlines that developing a conflict-free supply chain is a long and complex process, which requires a certain space for companies to develop the most appropriate approach to commit to conflict mineral initiatives. Therefore, a certain period, limited in time, in which companies can work on 'risk mitigation' - a period in which companies have the flexibility to address changes in this often rapidly changing context, which in turn impacts on the labelling of resources as conflict-free or not - needs to be built in. This will prevent the creation of another possible *de facto* embargo on the Kivus' artisanal mining sector. These due diligence efforts of companies need to be publicly disclosed, to offer all stakeholders insight into the concrete due diligence activities of companies, risk assessment measures, and independent audits. When companies wilfully ignore signals and/or evidence that elements in their supply chain are funding conflict or human rights abuses, sanctions should be considered. *We therefore recommend that the EU initiative is founded on a* ***risk-based approach*** *that includes and emphasises a time-bound risk mitigation framework, requires* ***public disclosure of due diligence efforts*** *and considers introducing a* ***sanctions mechanism*** *alongside due diligence reporting.*

Central Africa, and in particular the DRC, has become the main laboratory for State and private sector led attempts at the international, regional and national levels to implement mechanisms of certification, traceability and due diligence. This report has described how various initiatives have had a diverse, but great, influence on the livelihoods, socio-economic and living conditions of eastern Congolese mining communities. Additionally, it underscores the importance of the capacity and willingness of host states to formalise and monitor all spectrums of its mining sector in order to sustain the outcomes of initiatives. *We therefore recommend that the EU* ***continuously involves local actors*** *that participate - legally or otherwise - in the exploitation of natural resources when drafting, operationalising and implementing the EU initiative, whilst emphasising the* ***State duty to protect human rights, which is an essential complement to the responsibility of business to respect human rights***.

The report's findings have also demonstrated that in order to contribute to long-term stabilisation and development in countries where natural resources fuel conflict and human rights abuses, the EU initiative must form part of a broader and complementary approach. Such an approach must allow for the EU initiative to be placed within a wider (existing) strategy that addresses the root causes of conflict and fragility. In order to do so, the EU should link the initiative to existing external policies and financial instruments, such as, in this case, the Strategic Framework for the Great Lakes Region. This contributes to synergy between policy areas and allows for tailored support to areas such as democratisation and security sector and natural resource management reforms in specific countries or regions. *We therefore recommend that, alongside requiring European companies to source natural resources responsibly, the EU initiative is developed and implemented with* ***accompanying measures*** *to tackle the complex and multi-layered roots of conflict, and to sustain and facilitate the due diligence efforts of companies.*

Accompanying measures should include, among other things:

- Promote and support the ICGLR Regional Initiative against the Illegal Exploitation of Natural Resources (RINR), as well as stimulating ICGLR member states to truly commit to this initiative. RINR's tools, and particularly the certification mechanism, are complementary to an EU legislation on conflict minerals sourced from the Great Lakes region. Upstream certification (mine to smelter) and due diligence further downstream (smelter to consumer product) will be mutually reinforcing. Furthermore, ICGLR's recognition of the regional dimension of conflict in eastern DRC is essential;
- Continuous and coordinated support to security sector reform (SSR), notably in order to end the illegal involvement of, and impunity for, certain elements within the national security structures in the exploitation and trade of minerals. Furthermore, support to disarmament, demobilisation and reintegration (DDR) efforts in order to reduce armed groups' destabilising activities and induce their sustainable reintegration in society;
- Encourage and consider investments in transport and communication infrastructure. Opening up isolated areas often has a positive effect on the economic activities and security situation in these areas. Furthermore, this report's case studies have shown large more isolated areas have benefited (and been targeted) less from and by initiatives to revive mineral trade;
- Support the reform of the DRC mining sector, to improve governance and accountability in the sector and combat corruption. A key area of work is to support and stimulate the Congolese authorities to formalise the artisanal mining sector in a manner that recognises its importance for the Congolese population. The current revision of the DRC Mining Code is an opportunity to reinforce the legal framework around the artisanal mining sector, in order to facilitate due diligence, transparency and certification mechanisms. This effort should entail sincere support to artisanal miners and local communities in order to build their capacity to understand relevant legislation, offer them incentives to join the formal sector, and build trust between miners and authorities. Reinforcing the capacity and accountability of local and provincial mining agencies is of high importance. Such measures enable them to improve their management of, and better absorb and support the wide range of initiatives that affect, the (artisanal) mining sector.

Abbreviations

3T	Tin, Tantalum and Tungsten
BGR	German Federal Institute for Geosciences and Natural Resources
CEEC	*Centre d'Evaluation, d'Expertise et de Certification*
CFS	Conflict-Free Smelter
CFTI	Conflict Free Tin Initiative
CMM	Congo Minerals and Metals
CNDP	*Congrès National pour la Défense du Peuple*
COMIAK	*Coopérative Minière et Agricole de Kamole*
COMIKA	*Coopérative Minière de Kalimbi*
COMBECKA	*Coopérative minière pour le Bien-être des Communautés de Kalehe*
COOPERAMMA	*Coopérative des exploitants artisanaux miniers de Masisi*
CTC	Certified Trading Chains
DDR	Disarmament, demobilisation and reintegration
DGM	*Direction Générale de Migration*
DRC	Democratic Republic of Congo
EICC	US Electronic Industry Citizenship Coalition
EITI	Extractive Industry Transparency Initiative
EurAc	European Network for Central Africa
FARDC	*Forces Armées de la République Démocratique du Congo*
FDLR	*Forces démocratiques de libération du Rwanda*
GECOMISKI	*Générale des Coopératives Minières du Kivu*
GeSi	Global e-Sustainability Initiative
GMC	Global Mining Company
GoE	UN Group of Experts
ICGLR	International Conference of the Great Lakes Region
IPIS	International Peace Information Service
ISSSS	International Security and Stabilisation Support Strategy
ITRI	International Tin Research Institute
iTSCi	ITRI Tin Supply Chain Initiative
LME	London Metal Exchange
MMC	Maniema Mining Company
MMR	Mining Mineral Resources
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
MPC	Mining and Processing Congo
MSC	Malaysia Smelting Corporation
OECD	Organisation for Economic Co-operation and Development
PARECO	*Patriotes Résistants Congolais*

RINR	Regional Initiative against the Illegal Exploitation of Natural Resources
SAESSCAM	*Service d'Assistance et d'Encadrement d'Artisanal et Small Scale Mining*
Sakima	*Société Aurifère du Kivu-Maniema*
SEC	Securities and Exchange Commission
SNCC	*Société Nationale des Chemins de Fer du Congo*
SOMIMA	*Société Minière du Maniema*
Sominki	*Société Minière et Industrielle du Kivu*
SSR	security sector reform
WMC	World Mining Company

Appendix 1 – Tantalite world market price

Tantalite Ore Price, US$/Kg, January 2009 – July 2013.

Source: InfoMine.com

Yearly average Tantalite prices, 1997 – 2011.

Year	Average annual price per Ta_2O_5 content
1997	33 US$/pound (=72.6 US$/kg)
1998	34 US$/pound (=74.8 US$/kg)
1999	34 US$/pound (=74.8 US$/kg)
2000	220 US$/pound (=484 US$/kg)
2001	37 US$/pound (=81.4 US$/kg)
2002	74 US$/kg – 31 US$/pound
2003	66 US$/kg – 28 US$/pound
2004	66 US$/kg – 33.5 US$/pound
2005	77 US$/kg – 34.5 US$/pound
2006	72 US$/kg
2007	82 US$/kg
2008	96 US$/kg
2009	89 US$/kg
2010	120 US$/kg
2011	275 US$/kg

Source: USGS, Minerals Yearbooks, 2001-2011

Appendix 2 – Tin world market price

London Metal Exchange Tin prices, US$/tonne, January 2008 – July 2013.

Source: London Metal Exchange (LME) website

Tin price, London yearly average, cents per pound

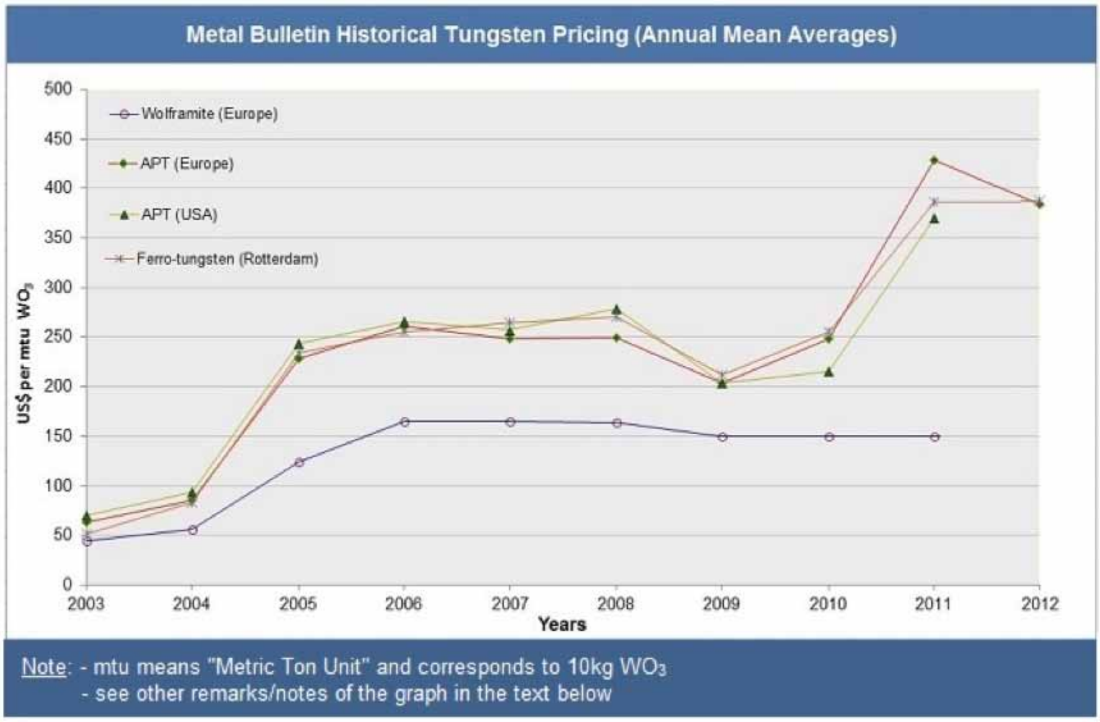
Year	Price
2008	837
2009	615
2010	925
2011	1,184
2012	1,230

Source: USGS Mineral Commodity Summary 2013

Appendix 3 – Tungsten world market price

For an overview of the world market price in tungsten, the indications of the International Tungsten Industry Association have been followed. This states that "in recent years, trade in concentrates has diminished and the market has relied more and more upon the APT quotation as a price guide since APT is the product traded in the largest quantity". For more recent periods, in 2013 and for indicative purposes, ferro-tungsten data has been used.

Yearly average Tungsten price, US$/Metric Tonne tungsten concentrate, 2003 – 2012



Source: International Tungsten Industry Association website .

Ferro Tungsten Price, US$/Kg, January 2008 - September 2013

Source: InfoMine.com