

Is Congo undermining

its future?



Foreword

It seems that no other country on earth holds inexhaustible mineral riches like those found in the Democratic Republic of Congo. Zinc, copper, cobalt, uranium, gold and diamonds can be found there in enormous quantities. The Central African copper belt which crosses the south of Katanga province holds 34% of global cobalt reserves and 10% of global copper reserves. The income from the exploitation of these riches ought to have made Congo a rich country where there is a good standard of living. And yet the majority of Congolese live and die in abject poverty. 42% of them must get by on one meal a day, 60% of children under five are malnourished, the life expectancy is 41 years and 80% of the population live on less than a dollar a day. So where is the profit from these mineral resources going? The fact is, it goes to every corner of the world, with the exception of the Congolese people themselves.

The problem of Congo's mineral resources is complex and has a long history. Belgian companies have been exploiting the mines in Katanga since 1908; ex-President Mobutu topped up his Swiss bank account with the proceeds of nationalisation of the mining industry; and ex-President Laurent-Désiré Kabila sold mining permits to finance his war. Since the 1990s, multi-national corporations have also managed to acquire a stake in Congo's mineral wealth in a number of locations, and in recent years newly-emerging world powers have arrived to circle like vultures, always ready to take over new sites.

Poverty levels are maintained in Congo through inequitable economic structures. Broederlijk Delen, NiZA and Commission Justice et Paix are convinced that the international community, both government agencies and NGOs, will be pouring reconstruction funds for Congo into a bottomless pit, unless at the same time they seek to establish economic justice. On both national and international levels we are applying pressure to all actors involved in the development of the country. The Congolese government owe it to their people to manage the mineral resources well, and to use them in the battle against poverty. International companies too must accept responsibility for their activities in Congo, and ensure that their investments also benefit the local population. The people are, after all, the rightful owners of the resources with which western companies and the Congolese elite are enriching themselves.

Ruth Beeckmans, Broederlijk Delen

Colophon

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omdat het zuiden plannen heeft



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DEMOCRATIC REPUBLIC OF THE CONGO

- International boundary
- National boundary
- National capital
- District capital
- Town or village
- Main road
- Secondary road
- Railroad
- Airport

0 100 200 300 km
0 100 200 mi

The history of Congo in a nutshell



- 1885 Berlin Conference. Congo is granted to King Leopold II of Belgium. He names the country "Kongo Free State".
- 1908 Belgium takes over "Kongo Free State" from Leopold II. The country is renamed "Belgian Congo".
- 1960 Congo gains its independence. Patrice Emery Lumumba becomes First Minister and Joseph Kasavubu is President.
- 1960 The politician Moïse Tshombé declares independence for Katanga province.
- 1961 First Minister Lumumba is assassinated in Katanga.
- 1961 Blue helmets from the UN are deployed to Katanga. It becomes a province of Congo once more.
- 1965 President Kasavubu is deposed. Mobutu Sese Seko declares himself President and installs a single party state. He renames the country "Zaire".
- 1994 Ethnic unrest and civil war break out in Zaire, due in part to the influx of refugees from neighbouring Rwanda and Burundi.
- 1997 While Mobutu is spending a period abroad, soldiers from the Alliance of Democratic Forces under the leadership of Laurent-Désiré Kabila invade the capital Kinshasa. Kabila declares himself President and renames the country "the Democratic Republic of Congo" (DRC).
- 1998 Rebels rise up against President Kabila with the support of neighbouring Rwanda and Uganda.
- 2001 President Kabila dies in a failed coup attempt. He is succeeded by his son Joseph Kabila.
- 2002 A peace treaty is arranged between Kabila's party, rebel groups and the political opposition. Kabila becomes President and appoints a transitional government. The transition phase begins and continues until the elections in 2006.
- 2006 First democratic elections since independence in 1960. Joseph Kabila wins the presidential elections in the second round, gaining 58% of votes.



In the Berlin Conference of 1885 Africa was divided up between the imperial powers. The Belgian King, Leopold II, was granted sovereignty over the 'Kongo Free State'. He ruled as an absolute despot. Under pressure from the international community, Belgium took over Congo in 1908. This move threatened Leopold's colonial sources of income, and he responded by devising a plan based on mineral extraction. In 1906 he formed the mining company Union Minière du Haut Katanga (UMHK), under the control of the General Company of Belgium.

Commercial investors gradually began to establish themselves in Katanga. Between 1920 and 1960, Belgium grew to become one of the world's principal suppliers of raw materials. As well as mining, the UMHK began processing the raw minerals. The number of Congolese employed in the mining operations rose from 11,000 at the start of 1940 to more than 20,000 in 1943. Copper production climbed from 122,649 tonnes in 1939 to 165,940 tonnes in 1942.

Gécamines, once the pride of Congo



Mobutu nationalises the mining industry

In 1960 Congo gained independence. On 11 July 1960 Katanga province broke away from Congo under the leadership of Moïse Tshombé. This mining province is the richest area of the country, and was the most interesting for the Belgian holdings. Katanga's secession did not meet with Belgium's approval. On the contrary, Belgium intended to secure the country's interests in this mining region, at whatever cost. The First Minister of Congo, Patrice Émery Lumumba, believed that mineral exploitation in Katanga must benefit not only the companies but also the Congolese. In December 1961 he was extradited to Katanga by the military leader Mobutu, and killed. It remains unclear who was responsible for the murder.

Mobutu, who came to power in 1965, wished to bring about economic reconstruction in the country by building up the mining sector. The Western powers continued to support him during the Cold War because they preferred his dictatorship to an expansion of the Soviet sphere of influence. Mining became even more important for the economy than it had been during the colonial era. Mobutu introduced several new laws: copper licences were cancelled and new applications had to be submitted; businesses active in Zaire could no longer have their head offices abroad; the UMHK were asked to set up a subsidiary company with its registered office in Kinshasa; the assets were transferred to the Générale Congolaise des Minerais (Gécomin), which later became the Générale des Carrières et des Mines (Gécamines). Zaire had a 60% stake in the new company. The remaining 40% was offered to an international consortium of American, French and Japanese financiers.

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Until the mid-80s, the state mining company Gécamines, which held all mining rights in Katanga, was one of the five largest players in the world copper market. With production close to 500,000 tonnes, the company's annual turnover was around \$1 billion. The company provided work for some 33,000 employees and provided social and medical facilities. Up to 1990, Gécamines provided around one third of state income for Congo.

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The great sell-out

However, the years of poor management, corruption and looting under Mobutu and the administrative chaos during the wars led eventually to the country's demise. When President Laurent-Désiré Kabila came to power in 1997 he was confronted with a collapsed state apparatus and a ruined economy. In order to find money, partly to finance his war effort, he set about the privatisation of the mining companies. Dubious private companies made contracts with the state company Gécamines, with highly disadvantageous terms for the Congolese state. Numerous small mining companies acquired huge mining permits for absurdly low prices. Joseph Kabila succeeded his murdered father as President of DRC in 2001. The sell-out of the mining licences proceeded quietly during the first few years of Kabila's presidency. In 2004 state income from mining was a fraction of what it had been in the past. The south of Katanga, where the majority of the mineral deposits are located, was spared armed conflict. However, this relative peace did not result in Katanga becoming what it could and should have been - an engine for sustainable economic growth. Rather, Gécamines is as good as bankrupt, with debts of nearly \$2 billion, is unable to pay its 12,000 employees and produced a mere 15,000 tonnes of copper in 2004.





Illunga Kallala Baudouin: 'there was nothing left but dust'

The World Bank calls for privatisation

After an absence of more than ten years, the World Bank re-established its presence in Congo in 2001. Finding the state-owned companies in complete collapse, the World Bank encouraged the Congolese government to further privatise them, in a structured manner. However the World Bank's proposal for a more rational approach to the exploitation of mineral resources in Katanga was vetoed by Congolese politicians. While the World Bank looked on, the government pressed ahead with the arbitrary selling-off of Gécamines. In order to return the state-owned enterprises to a condition of viability, the World Bank initiated a voluntary redundancy scheme. 10,500 employees left Gécamines in 2003. In return, they received redundancy payments of between \$1,900 and \$30,000. This may seem a lot in the context of Congo, but the absence of guidance and economic opportunities meant that most former employees, who in many cases had not been paid for years, were now at rock bottom.

Like quite a number children from Katanga born on August 14 1955, Illunga Baudouin owes his name to the Belgian King who made his first visit to Congo on that day. Illunga Baudouin worked for Gécamines for more than 32 years as a specialist in pyro-hydrometallurgy. The business prospered during that time, until 1990, when Gécamines, undermined by poor management and corruption, was forced to re-structure, giving rise to mass redundancies. One day Illunga Baudouin was in work, the next day he was on the street, with a redundancy payment of around \$3,000. With two wives and eight children to keep, he urgently needed a new job. There were no other options but to join thousands of other mine workers in the same situation and work in a stone quarry. The hopelessness of his situation led him to alcoholism. He gradually turned up less frequently for work, at most once or twice a week. The rest of his time was spent at his two homes, or in the local drinking den. And that is the way he lives to this day. His older sons regularly send him money, and he continues to hope that he will receive the backlog of pay from Gécamines. Under the influence of drink he rages about what has happened: "We had everything we needed to succeed, but when Gécamines pulled out it was like the fall of Babylon, nothing left but dust. The new companies do nothing but plunder what we built up over all those years."



Artisanal mining

Following the collapse of Gécamines in the 1990s the industrial exploitation of mineral resources was at a complete standstill. Machinery went without maintenance and investment dried up. Workers began to extract ore manually from abandoned Gécamines sites, and to seek out new deposits. These small-scale “artisanal” miners are referred to in Congo as “creuseurs”. Mining on this scale is one of the few opportunities to make a living of any kind. Just as in the rest of the Congolese economy, where 95% of the working population depend on the informal sector, the exploitation of mineral resources is now largely carried out informally. The mining rush took place amid total chaos. According to the International Monetary Fund, around one-fifth of the Congolese population now depend on the manual extraction of minerals.

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Intensive artisanal mining has disrupted the structure of Congolese society. The community in Katanga is organised almost entirely around the mines. All other economic, familial and social activities have been abandoned. Everyone is now working as a “creuseur”: children as young as seven, youths, women, men, the elderly and the sick. The men dig for ore, children put it in sacks and carry their backbreaking burdens up to the women, whose task is to wash the ore. People abandon their villages and move more than 200 km from their homes to live in the villages springing up around the mines. Farmers abandon their fields to work as miners. What was formerly one of the most fertile regions of Congo now depends on food imports. The education system is in a lamentable state. Teachers, underpaid by the state, if they are paid at all, are moving into manual work in the mining sector rather than continue teaching. Children leave school to work in the mines. The lack of employment opportunities has forced many highly-educated people into the mines, including lawyers, engineers and doctors.





Operation 'Mitraille', the death blow for Gécamines

As a former executive with the Gécamines company in Katanga, I would like to point to two factors that played a substantial role in the downfall of this mining operation. I will start by saying that Congo has suffered because of its wealth. If I remember rightly, the countryside around Katanga has experienced several attacks from outside, aimed at its reserves of ore. Moba 1 and Moba 2 in the gold belt, and Shaba 1 and Shaba 2, which targeted Kolwezi, the economic heart of Congo as it was known at the time of Mobutu.

Whites were among the victims in Kolwezi. Then the Europeans intervened, both to support and to help their own. Once they were safely back in Belgium, the Europeans working at Gécamines said "Now we have left, the business will never recover...".

The Congolese executives who stayed were more competent than most of the Europeans bragging about themselves back in the west, and they decided "to show the whites once and for all that we can manage without them." The Africans set to work, without the whites, and Gécamines flourished as never before, producing 450,000 tonnes of copper a year. Mobutu put Mulenda Mbo, one of the Congolese engineers who had taken up the challenge, in charge of the company.

Unfortunately Mbo was also power hungry. There had to be more production, always more. One day there was an accident at Kamoto, the most modern of the mines with the best level of welfare. The mine closed down. What followed

was predictable: there were calls for restructuring, and the politicians got involved!

Between 1990 and 1994... The Congolese wanted rid of Mobutu, but he was as slippery as an eel. He bribed two Katangan politicians and told them to make sure that the Katangan Congo was reduced "to ashes", so that he could rush in with his army to help, and the West would say: "Mobutu is the only one who can keep the peace, and we will support him in that."

In reality, a process of ethnic cleansing was underway, the victims being Congolese whose grandparents had come from the central province of Kasai to work in the mines. The Kasaians were driven out. Among them were nearly ten thousand workers: engineers, foremen, doctors, teachers. Could Gécamines survive? That is the first factor!

The second factor: first and foremost we must thank those who did the dirty work! The politician who provoked the ethnic cleansing said that the time had come when the sons of Katanga should profit from their wealth. Katangans were to be allowed to descend on the Gécamines sites, collect any copper waste there, and sell it... the provincial government called this operation Mitraille (scrap metal)... They provided export licences for the Katangans, and lorries full of minerals set off for South Africa... After all, they had said it was "scrap" hadn't they? Anything made of copper went across the border, even valves... "Collect the copper waste" was what they said, wasn't it? And that was true, but when there was nothing left to collect, people turned to digging, and so artisanal mining was born! And Gécamines went under... Today what remains of Gécamines is being divided up between the various managers, the warlords and the politicians. Meanwhile the people continue to suffer..

Pie Tshibanda

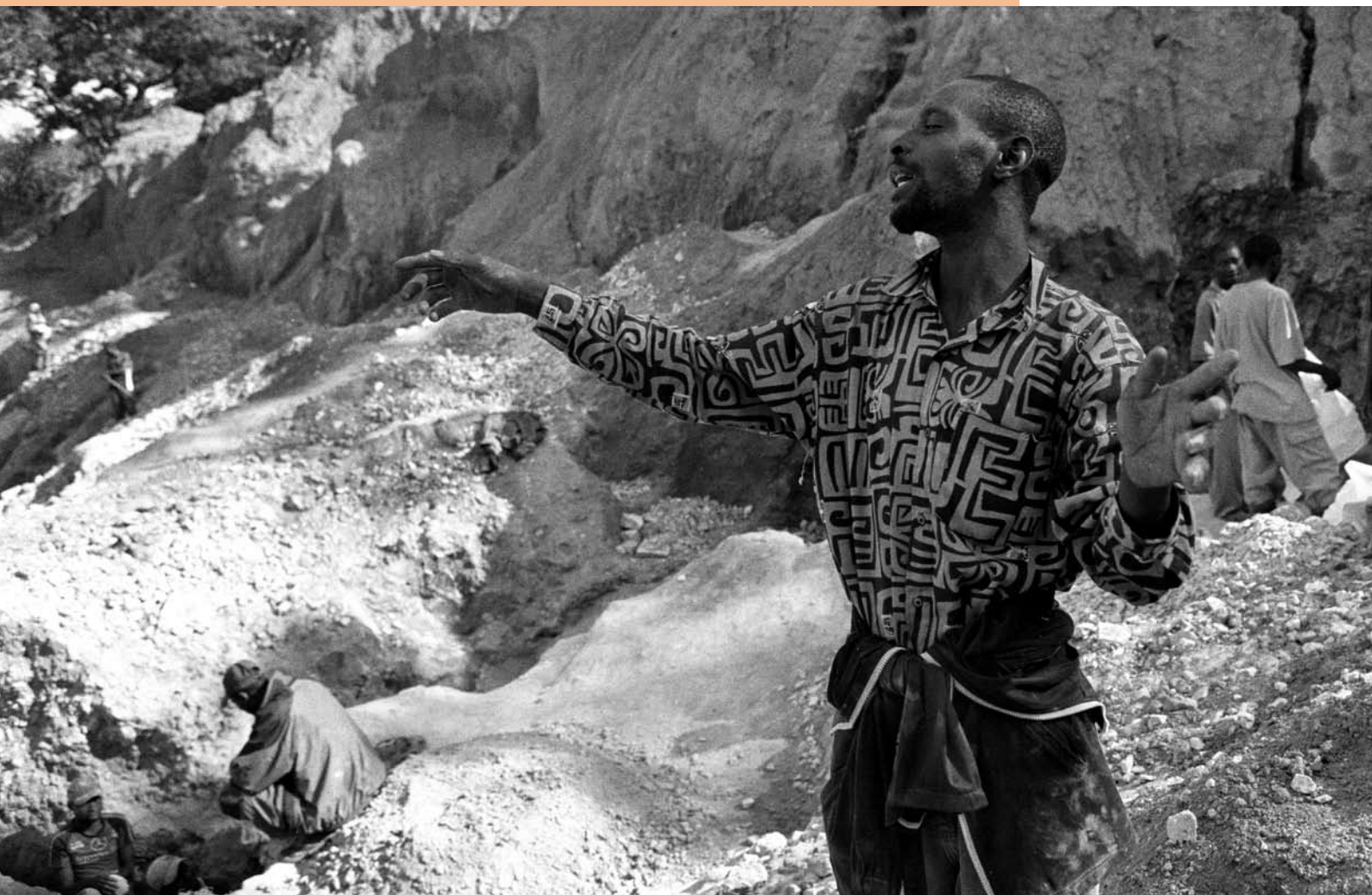


Shambuyi Mwamba, a prisoner in a mining village

Shambuyi, aged 40, has been in Kisankala for four months - a long time in a village lost in the remote north west of Katanga. Kisankala is a typical mining village. Thousands of diggers moved in when massive seams of copper were discovered. The local authorities - the mine police, soldiers and private security - impose their own rules and taxes on every new arrival. Shambuyi came here to rejoin his family. But he finds living conditions here very difficult. There is no running water, no electricity, he sleeps on the ground... Life is utterly different from that in the Katangan capital Lubumbashi. At forty, Shambuyi needs to find a new job, but he knows it will be difficult to find anything that pays well. So he hangs on, and does his best to earn more money. The quarry, known as "Kinshasa" where he works as a "creuseur", belongs to the President. An "official" representative levies a tax on everything that leaves the quarry. Sham-

buyi takes his raw materials to a middleman who pays a quarter of the price he paid a few months ago. He sells the ore on to the Arma Corporate mining company, which has a monopoly on all ore leaving the quarry.

Shambuyi has no idea about the price of raw materials. He and his shift dig twenty to thirty bags of minerals per day. After this has been washed in the river, around seven bags of pure ore is left. The three shift members receive 100,000 Congolese francs (\$180), which they then split between themselves. Since this is not enough for him, he goes back to the quarry a few evenings each week to steal raw copper which he can sell in the town at a better price. Only yesterday, four people received lashes for doing the same. Shambuyi speaks little, and puts all his time into his work. "His silence speaks volumes," say his friends, who are well aware of his desire to leave Kisankala.



Exploitation, at every link in the mining chain

Digging for a dollar a day

The miners often find themselves in a precarious situation. During mining operations they are kept under the watchful eye of various “monitoring and safety officials”, who levy taxes on the ore extracted. The miners go to the middlemen with the ore they have extracted. There is labour in abundance and no real trade unions, an impossible situation when it comes to price negotiations. The miners therefore often get very little reward for their effort.

Between the mining company and the middleman

The middlemen are the link between the miners and the big companies. They try to pay the miners as little as possible, and to get as much as possible for themselves from the companies when they sell the ore on. Some of them make a reasonable living, albeit at the expense of the miners, but others are themselves exploited. After all, it is the big companies who have the final say in fixing the prices of the raw materials. The middlemen are often offered loans by the companies to start up their enterprises which ties them into a relationship with the company where they can't switch to another that might offer a higher price for their products.

Prices rise, but the *Creuseurs* carry on working for a dollar a day

Prices for minerals have risen steeply since 2003, due in large part to the high demand for copper and cobalt in China and India. In 2003 a tonne of copper on the world market cost \$2,200 a tonne, by 2007 this had risen to \$7,200 a tonne.

Recent increases in prices for copper and cobalt have not translated into a better life for the *creuseurs*. On the contrary, it only complicates matters for the miners and the middlemen. Rising prices for raw materials have led to an influx of new companies, often of Asian origin. This has driven the artisanal miners into ever more remote regions. Transport costs then push down their income still further.

Maman Maîtresse, teacher and middleman

A small, improvised copper mine in the heart of a labourers' section of the town of Likasi. A cloud of dust hangs over the road, children stream past, dragging sacks of "stones". "Madame! Madame!" The young miners greet Jeannette, their "trading mother", their intermediary. Every day she buys sacks of copper from these and other mineworkers, selling them on to Gécamines at the end of the week. Before these children became her "suppliers", they were her pupils. "Maman Maîtresse" is a teacher in a local school. She now trades with the children she teaches. "The traders come to me with their bags of ore at around 11 o'clock. I weigh the bags and pay 100 Congolese francs a kilo. I got into this work by chance, when I sold a tonne of cobalt in Kolwezi. I got 73,000 Congolese francs (\$130) for that, a lot of money at the time, and that persuaded me to take things further." Since that time she has been involved in trading, storing the bags of ore in her home. Every Saturday she hires a truck for \$56 to take two tonnes of ore to the Gécamines franchise. "When the ore has a good mineral content, around 20%, they pay me \$250 to \$300 a tonne." Jeannette lives in a modest house with her three children and her husband, also a middleman. "This work means that I can live well, my children go to school and don't have to work." Jeannette continues to teach alongside her trading activities. She teaches reading and arithmetic to around forty children. At six o'clock in the evening the lessons stop and Jeannette leaves the class. The students chorus: "Au revoir, Maman Maîtresse." In time, they may be acting as her suppliers.

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Vital, the Reverend

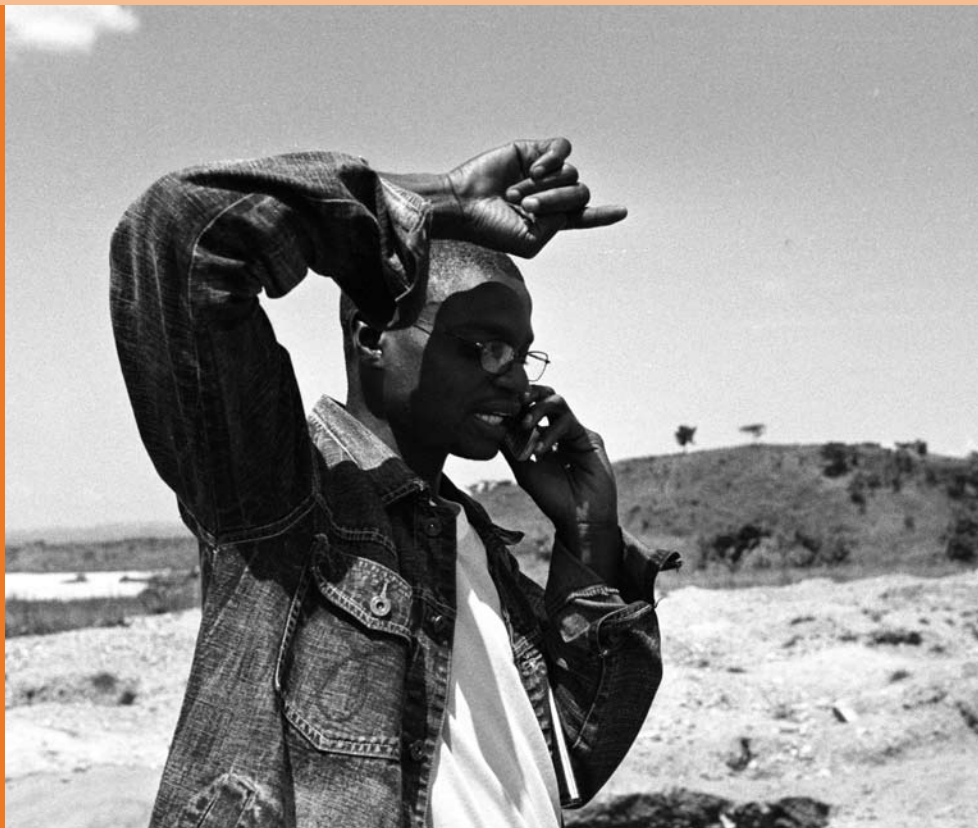
With his spectacles balanced at the tip of his nose and close to gaining a medical qualification, Vital gives the impression of being an intellectual. So serious is he among that miners that in his home village of Kambove in Katanga they call him "the Reverend". "If my friends at the uni heard that..." There is certainly nothing religious about the work he does now. Vital is a middleman for a Lebanese cobalt depot. Last year, driven by financial necessity, he interrupted his medical studies to make a new career "with the rocks". He wants to get enough money together to continue his education. "At the start you have to prove yourself. With the small amount of savings I had, I managed twice to buy ore from the creuseurs and sell it on. I delivered it to the mining company's depot, and they were very keen to lend me more money to buy more raw materials. At first I turned them down, but later the raw ore didn't bring me a big enough return due to the low cobalt content, and I accepted a loan after all." Vital suspects the depot of lying about the cobalt content in the ore.

Four teams of four miners each work for the Reverend in a mine in the village of Kapata. Each team fills around 200 sacks a day, earning some 30,000 Congolese francs (about \$60). There are also "mothers" among his workers. They sort and wash the ore in the lake before it is taken to the depot. "It took a while before the washing mothers got used to me. But they know now that I am serious, that I pay well. It's a proper little business, except that I don't earn anything." Vital tells how he gets around three tonnes of washed ore together each day, but earns less than a hundred dollars a day from it. Out of that he still has to pay his overheads and the wages for his workers. "They try to exploit me. I'm going to change my approach and take part of the ore by bicycle to the Chinese depots. I have high expectations about what the Chinese will offer." The Reverend hopes to have met his financial target within three months, so that he can resume his medical studies. When he hasn't got his nose in his diary, Vital dreams about South Africa and a job as a surgeon. A dream with a \$3,000 price ticket.

Copper and cobalt. Deposits of copper and cobalt frequently occur together in the same rocks. They are separated during processing.

Copper is used in a wide range of products including electrical cables, electromagnets, coins and sculptures.

Cobalt can withstand high temperatures and resists oxidation. It is used in aircraft engines, rechargeable batteries, catalysors and magnets.



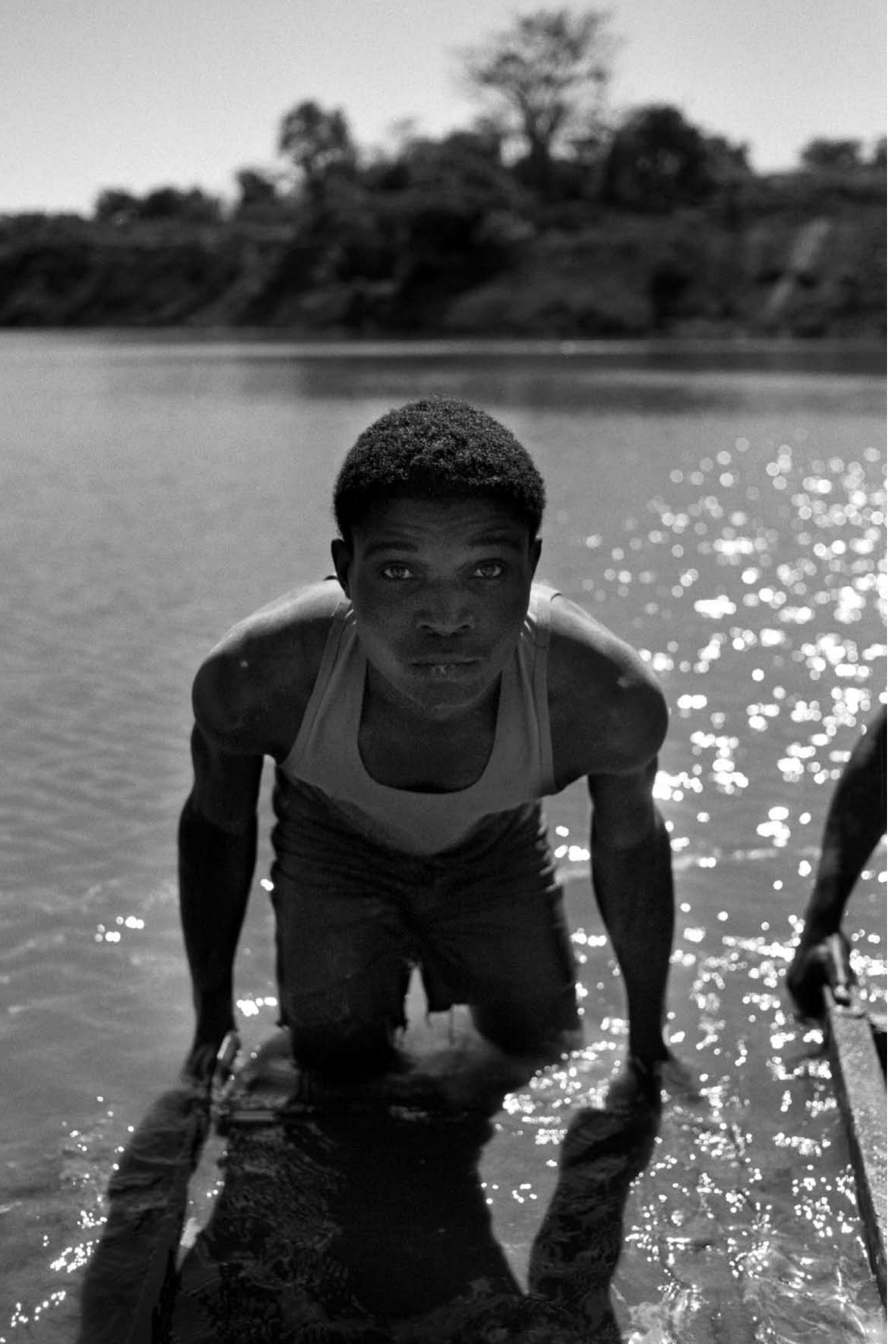
Is there a future for artisanal mining?

With the arrival of new companies and the gradual resumption of industrial mining, questions have arisen over the future of artisanal mining. The Congolese state is searching frantically for new investors and wish to create employment through the reconstruction of the industrial mining sector. The consequence is that artisanal miners are being driven away from the land where the companies are operating. It isn't likely that the transition from artisanal to industrial mining will take place in the very near future. The complex preparations mean that starting up a mining company in Congo can take many years. Widespread corruption and the lack of basic infrastructure are additional obstacles.

But the arrival of the new industrial companies is already giving rise to social tensions, because not every *creuseur* who is driven off by these companies is able to find alternative employment. Neither can artisanal mining provide the future for the Congolese mining industry. A smaller number of people will be able to find work in the sector than is presently the case. Those who lose out, should be offered alternative employment.

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Industrial mining could provide a great deal of money for the Congolese state. However an exclusive focus on mining, an export industry, would not be without its risks. It would increase the vulnerability of the Congolese economy through greater dependency on ore prices on the world market and through making it more necessary to import more goods, including food. The consequence would be that if food prices rose, the population would have to pay more to feed themselves. The best solution would be to grow the food in Katanga, as was done before artisanal mining began. This would make the economy less vulnerable and offer surplus *creuseurs* an alternative source of income. It is therefore also important for the government to develop a sound agricultural policy at the same time as restructuring the mining industry.



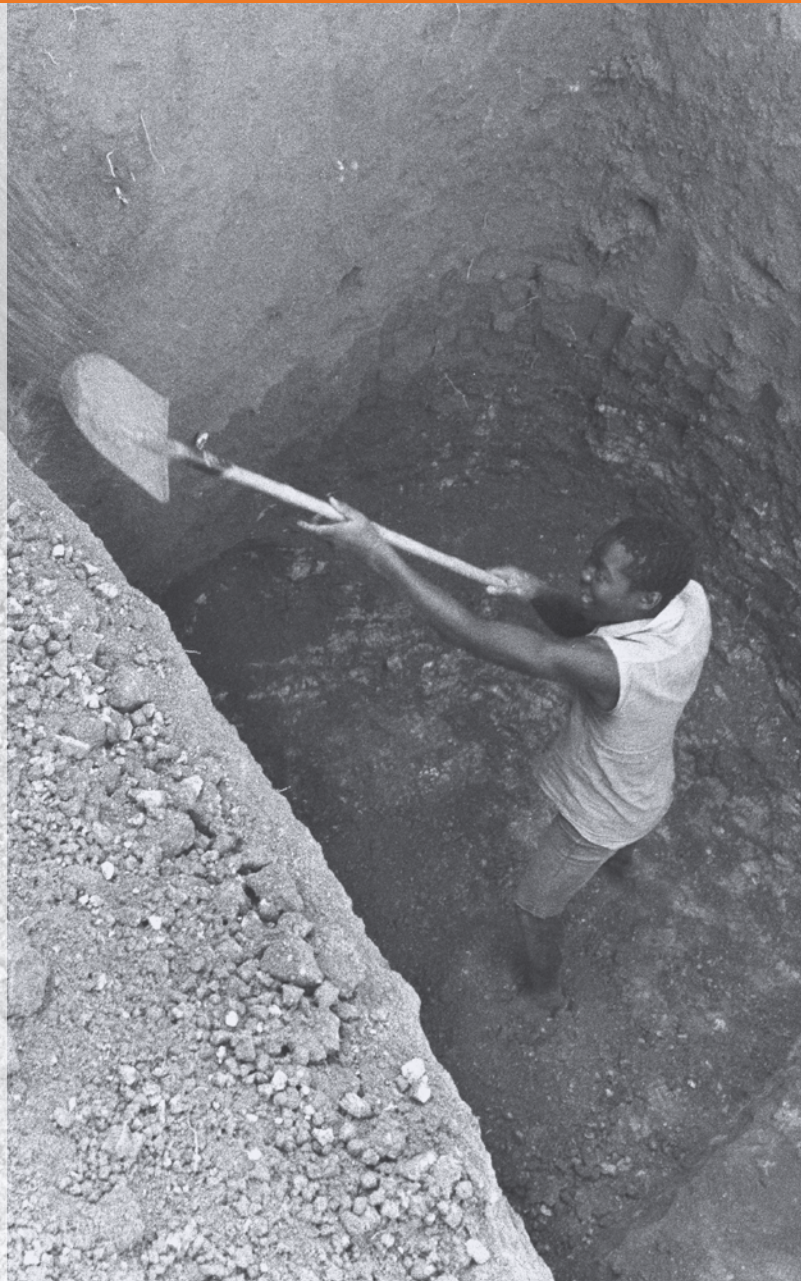
Children can work too

There are more than 25,000 children among the mineworkers of Katanga, some as young as seven years old. Many conceal their true age in order to get work whilst others are forced into the work due to the lack of other income-generating opportunities and low family income. They have to pay school fees which their parents cannot manage. Often they don't go to school at all, and help instead with the upkeep of the family. They may earn only a few dollars for an average ten-hour working day. They dig, collect together the raw ore, clean and screen it. They then take the sacks, weighing around 20 kilos, out of the mine. Working conditions are harsh and dangerous.

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Children are often the first casualties in the many accidents in the mines. In 2001, Congo approved an International Labour Organisation (ILO) convention which clearly prohibits the worst forms of child labour and makes it mandatory for states to take action to ban these. The efforts made by the authorities so far have counted for very little, going little further than awareness-raising campaigns. The lack of economic alternatives further undermines any efforts to put an end to child labour. The foreign companies who make use of intermediaries also fail to discharge their responsibilities, since they are well aware that these middlemen obtain the ore from child labourers. In the mining sector, maximisation of profit comes before child welfare.

The consequences of the employment of children in mining are of huge significance for Congo. An entire generation is growing up in the harsh environment of the mining industry. But if there is no place for them in mining any longer, they will have to look for alternatives. But what will the Congolese state be able to offer young people who have never been to school, who have learned no trade, who have grown up in an environment where the contrast between wealth and poverty was so stark? The Congolese government will need to make enormous efforts if the dignity of these children and their place in society is to be restored.



Mboula and her labourer's feet

Mboula takes a brief break behind an umbrella that shields her from the scorching heat. She is 13 years old. She has already washed and sorted a dozen sacks of cobalt this morning. Mboula has the angelic face of a teenage girl, but her feet are those of a labourer who hauls sacks of rock, day after day. She has worked for nearly a year now at an ore washing plant on Lake Musesa. She sorts around twenty sacks of ore a day for a variety of dealers. Previously she gathered stones in the Gécamines quarries. "That isn't here any more, and washing pays better." With her T-shirt inside out and her hands full of mud, Mboula nonchalantly drags a 70 kilo sack of cobalt into the water. Her three sisters, Love, Vicky and Nadine, and her brother Connais carry out the same task close by: drag the sack into the water, shake it out, screen out what isn't good enough, and collect the washed cobalt together to put into new sacks. Mboula speaks very little French. She assures me nevertheless that she does go to school. "I can't go every day, they count on me at home to bring in some money." She earns 150 Congolese francs for each sack, around \$0,25. But she can't fill twenty sacks every day. "It depends how much they bring, and sometimes I'm just too tired." Two and a half hours have now passed since Mboula finished washing her 22 sacks of ore. She is waiting for her pay, and she is getting impatient. "I'm hungry, I don't have money to buy a plate of rice from the women there." At last the truck arrives to be loaded with sacks, bringing the middleman who will pay them. Their faces blank, exhausted from the work and the heat, Mboula and her brother and sisters climb onto the loaded truck. That way they don't have to walk the seven kilometres home.





Tshitshi Kanwenyi, a child like any other

Tshitshi is the only name they know him by. Nobody is very concerned about his real name or his true age. He was born somewhere between 1994 and 1997, lost among the other children in the dust of the mine at Kolwezi. Like the rest, he is a cheap and useful “machine” for the daily tasks in the mine. Tshitshi’s story is like that of thousands of other Katangan children. He attended lower school for a time, but his parents, short of money, decided to send him to live with his uncle. His uncle lives in Kasoulo, a poor neighbourhood in Kolwezi. The old man, unable himself to maintain the child, sent Tshitshi to the mine to earn money for food. Tshitshi works with someone he calls “nephew”, very probably a friend of the family. He helps the “nephew” with all his daily tasks: digging, filling and shifting sacks and washing ore. At the end of the day he receives 1,000 Congolese francs, around \$2. He works without complaining and looks forward to the end of the day when he will clean himself up and go with his friends to the cinema on the corner, the only place for the children in the neighbourhood to relax. He sees no future for himself beyond the mine.



War is business, business is war

The wars in Congo have already cost the lives of more than five million people. These are complex conflicts with multiple causes at local, national and regional levels. It would be short-sighted to link all war and conflict in Congo to the looting of the country's natural riches. But there is plenty of evidence that the presence of natural resources feeds and sustains conflict. At a local level, around the mine sites, the uncontrolled economy creates serious social tensions. The economics of the mining industry descends into "survival of the fittest", where population groups are placed in opposition to one another and the weakest lose. At a higher level it might be said that the profit from the trade in raw materials maintains an entire network of arms dealing. All this gives rise to a vicious circle of looting of mineral resources and conflict. Rebel groups seek control of the mining areas, minerals are sold to them and leaders who turn a blind eye do good business.

22 The first Congolese war erupted in 1997, when Kabila deposed the dictator Mobutu. Congo is surrounded by conflict zones. In neighbouring Angola and Sudan, rebel groups dispute the authority of their governments and there are rumblings too in nearby Rwanda and Burundi, where a genocide recently occurred. This is an explosive situation, exacerbated by the fact that Kabila required assistance to take power, and needed further help a year later to stay in power. The help came from neighbouring countries, from rebels and governments, and always with strings attached. Kabila's allies wanted a piece of the cake. After all, there is much of value in the mineral-rich Congo.

Kabila however made a poor job of the "Democratic Republic of Congo" he called into being. In forcing Rwanda and Uganda out of the country he united his former allies against him. In early August 1998 the dam burst and rebels, supported by Rwanda and Rwanda, took arms against Kabila. The second Congolese war began. Thanks to the intervention of his new allies Zimbabwe, Angola and Namibia, Kabila succeeded in confining the violence to eastern Congo.



Cobalt? The electronics industry gobbles up a quarter of the world's consumption of cobalt. The metal is used in mobile phones, laptops and MP3 players, as well as in paints. Its resistance to extreme temperatures makes it useful in aircraft engines. Cobalt is also found in nutritional supplements because it helps our bodies to absorb vitamin B12.

Following a succession of peace efforts, treaties and ceasefires, the neighbouring countries agreed to respect the sovereignty of Congo and the Ugandan and Rwandan regular forces eventually withdrew from the country. Conflict continues however in the east, where various militias remain active, with the support of Rwanda and Uganda. They established themselves in an area rich in valuable raw materials like coltan and tin.

When the situation in the east Congo failed to stabilise, the UN established a peacekeeping mission. As of 2008 there is a presence of around 17,000 UN soldiers. They have also been unable to control the region.

Western companies also profit from the “war economy”

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In April 2001 the UN Security Council released the first report of an expert panel on the illegal exploitation of resources in Congo. Using the results of months of fieldwork, the UN experts demonstrated that control of the country’s enormous riches played a significant role in the conflict. Thanks to the cooperation of private western actors, including a number of European companies, the warring countries were able to acquire tens of millions of dollars from the sale of Congolese gold, diamonds, timber and coltan.

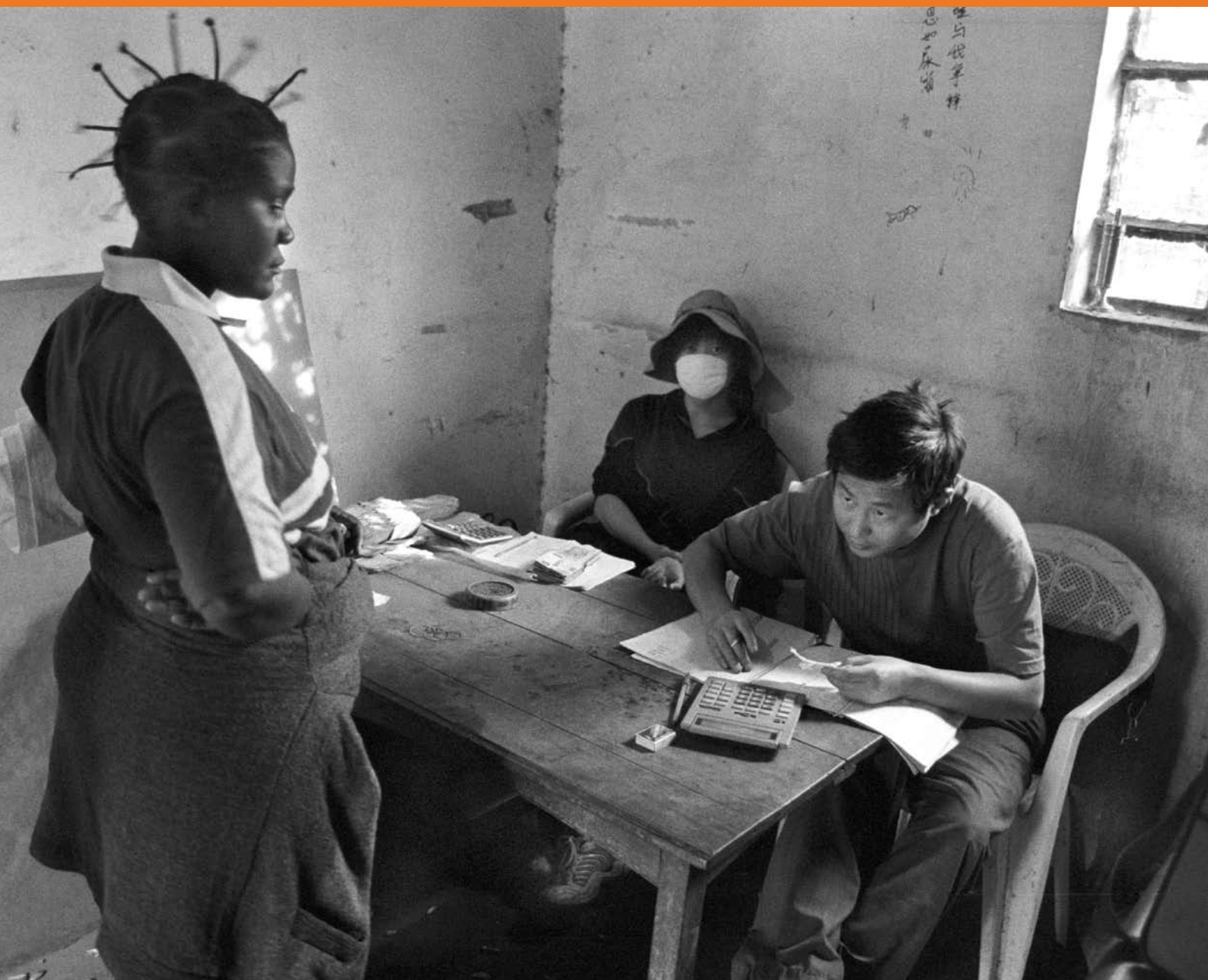
No action was taken against many of the companies mentioned in the panel's reports. Such impunity is difficult to understand given the international community's promises to promote peace in eastern Congo.

Civil society groups, government agencies and companies set up a certification scheme for so-called “blood diamonds” or “conflict diamonds” - diamonds from conflict areas whose sale is used to finance rebel groups. This became known as the Kimberley Process. This made it possible to exclude diamonds from conflict regions from the international market. It is high time that a control mechanism is introduced for other minerals. It is fairly obvious that the halting of the trade in mineral resources from conflict areas will not end the fighting, but it can to a large extent cut off flows of money needed to pay for war.

Help, the Chinese are coming

The serious shortage of natural resources is leading gradually to a weakening of the dominant position of western companies in Katanga. Rising global economies like China and India urgently need more raw materials, and they have surplus funds to acquire them. China for example has reached a major deal with the Congolese government involving several billion dollars. Chinese companies have been granted several significant mining concessions in exchange for the delivery of major infrastructure projects. It seems that Chinese faces will be part of the Katangan scene for the foreseeable future. They are building roads in the province, and taking over an ever-increasing share of the construction industry. Chinese labour is often used for this work.

The entrance of China to an area where Europe and America have traditionally had the greatest influence has induced some nervousness on the part of the Western countries. The role of China in Africa has been much discussed among the international community. Some suggest that China will offer new opportunities for the development of the African economy whilst others see the Chinese as new colonialists. It appears that the main concern is that western companies may be the biggest losers. The discussions among the international community have placed far less emphasis on whether the new contracts between China and the Congolese government will lead to improvements for the population.



Multinationals, sharing responsibility for the crisis in mining

Mining contracts explored

In May 2004 a Congolese parliamentary commission under the chairmanship of Christophe Lutundula began a financial and economic investigation into the mining contracts agreed between 1996 and 2003. The commission stated in their final report that the theft of natural and other resources that went on during the war took on even greater dimensions due to the impunity granted to members of government under the transitional constitution. The commission's report was not acted upon. With elections looming, members of the government probably preferred not to see certain matters coming to light.

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The first democratic elections for forty years were held in Congo in 2006, to the intense interest of the international community. The great hope was that the elections would lead to improved governance. The existing President Joseph Kabila won the election with 58% of the votes. In February 2007 he formed a new government with Antoine Gizenga as First Minister. Shortly afterwards, the government published a "Governance Contract" setting out the priorities for the following period. One priority was to promote transparency in the mining sector, and the renegotiation, if necessary, of inequitable mining contracts.

In early 2007 an international coalition of non-governmental organisations (NGOs) made an initial call for a re-examination of mining contracts in Congo. They launched a campaign to this end with





the slogan "A Fair Share for Congo". The NGOs called on the Congolese government and their international partners to cancel or renegotiate unfair contracts signed during the war and the transition period. In this way the NGOs sought to guarantee that the Congolese people receive a fair deal regarding the revenue from their country's natural resources. This call found wide support in Congo and elsewhere in Africa, in Europe and in North America. Partly under pressure from the international community, the Congolese Minister of Mines, Martin Kabwelulu, signed a ministerial order on 20 April 2007 establishing an interministerial commission with the mandate to review the mining contracts from the conflict and transitional periods signed between private companies and state or state-owned enterprises.

64 contracts under the microscope

The interministerial commission made a start in June 2007. They put around sixty mining contracts between the Congolese state or state-owned enterprises and private companies under the microscope. They investigated whether these contracts were in compliance with the national mining code and international standards relating to mining. The commission's findings were quite shocking. Not one of the contracts was deemed valid. The commission recommended that 38 contracts should be renegotiated and that the remainder should be cancelled. The commission's investigation revealed that the multinationals were robbing the Congolese state and its population.

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It also became clear that these private companies were bringing far too low a percentage of investment into mining operations, in view of the gigantic licences they obtained. It was obvious that many small firms bought the permits for speculative reasons, and not genuinely to start up mining operations. In this way they seized mineral resources without generating any income for the state or providing employment opportunities. It was also noted that these agreements covered extended periods, up to thirty years, and that the private companies received an abnormally high percentage of shares in the joint-venture. This left the state companies with little say in the company's day-to-day management, while deals could be reached with customers without the state having any voice or oversight. The result was that the ore obtained was exported in its raw condition and huge profits were made outside Congo. The local population did not see a cent of this.





Bermuda and the Virgin Islands: more than tropical paradises

Many of the multinational companies active in Katanga are registered on tropical islands. The Katanga Mining Company for example has its Registered Office in Bermuda. Registration in such tax havens doesn't just save the companies a great deal of money, it also makes it difficult to determine the exact source of the funds they invest in Congo.

The structure of the multinationals is often extremely complex, which hampers effective control. Joint ventures have been agreed between the state mining company Gécamines and private companies. The latter are often subsidiaries of a holding company which holds 100% of the shares in the company. The subsidiary companies are generally registered in tax havens while the holding companies are registered in the West. This gives rise to a complicated chain of intermediate companies and shareholders, making it difficult to determine which countries are legally responsible for the multinationals in the event that they breach laws or regulations.



The mining industry: what's it got to do with me?

Mining in Congo may seem only a very remote concern for many of us. However if we investigate the range of products that use coltan and copper from Congo, we see that we usually have a piece of Congo at our fingertips.

All mobile phone batteries contain the mineral coltan. There's a good chance that this comes from the conflict areas of eastern Congo. Coltan is also used in computers made by Sony, Nokia, Nintendo, Dell, Philips and Hewlett-Packard. Many companies have drawn up ethical codes covering the final stages of the production process, but ask few questions about the origins of their basic raw materials. And it isn't only companies that include minerals in their products. Banks also have a major stake in the copper and cobalt industries in Congo. It's likely that your own bank has investments in large-scale mining projects in the country.

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There are actions open to us as normal users of copper, coltan and cobalt. Businesses are sensitive to public opinion, particularly when it involves child labour and war. A critical public may change the culture of a company.





How can mining contribute to sustainable development?

Mining ought to be a valuable contributor towards development in Congo. However at the time of writing poor management of natural resources can only be said to have led to conflict and misery. Numerous conditions will have to be met if the revenue from industrial mining is to benefit the Congolese population.

Establishing fair mining contracts is one basic condition. What does this imply? In order to create a fair contract, the state must first know exactly what is being sold. Geological and feasibility studies are essential before any contract is signed. Only in that way will the price paid be fair, while the state companies will be able to determine whether a private partner has the capacity to go into production. Setting down realistic production schedules will prevent private companies buying mining licences for purely speculative purposes. Additionally, the state companies must ensure that the sale of shares does not lead to their private partners getting total control of day-to-day management. The state must have a say in important decisions and be able to exercise control over business activities.

But a sound contract is not enough on its own. A perfect contract can exist without it delivering any more income for the state. It is therefore necessary to ensure that sufficient control mechanisms are established to ensure that the contracts are actually complied with. The Congolese government has taken the first steps in this direction by participating in the Extractive Industry Transparency Initiative (EITI). This initiative obliges mining companies to publish payments to the state and in turn for the state to publish details of all income from mining. This approach should provide clarity about the flows of funds within the mining sector and reduce the likelihood of corruption.

The state mining companies and their private partners must now bring about a renaissance in the industrial processing of minerals in Congo. More ore was processed in Congo in 1923 than is the case today. The export of processed ores would increase revenue for the Congolese state and more people in Congo will find employment. The greatest proportion of added value will no longer be generated abroad.

Nederlands instituut voor Zuidelijk Afrika (NiZA)



NiZA has been active in the Democratic Republic of Congo (DRC) since 2003. NiZA works together with five local organisations in the DRC in the context of their activities aimed at improving the socio-economic situation in the mining areas. NiZA supports these organisations in their lobbying, campaigning and research activities, and in the development of their own organisations. Their partner organisations are also involved in NiZA's activities at an international level.

In Katanga, NiZA work together with the Congolese organisations ASADHO and NDS. ASADHO is a human rights organisation which aims to improve living conditions around the copper and cobalt mines. With NiZA's support, ASADHO distributes information about mining activities and their consequences for local communities. ASADHO also provides information about labour rights for miners. To this end they work closely with NDS, one of the local trade unions for miners in Katanga.

In other areas of the DRC, NiZA works with the Congolese organisations GAERN, CENADEP and OCEAN. GAERN's activities are primarily concerned with the mobilisation of artisanal miners in the diamond industry in Mbiji-Mayi and in Kasai Occidental and Kasai Oriental more broadly. CENADEP is an NGO in Kinshasa which has been undertaking research over recent years into such matters as the mining of coltan in south Kivu and diamond mining in Oriental Province. OCEAN is an environmental organisation which fights for the proper management of tropical forest in Congo. With NiZA's support, OCEAN has expanded its activities and is researching mining activities in tropical forests, such as the extraction of gold and diamonds in the area around Kisangani.

For further information see www.niza.nl

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Commission Justice et Paix

Active in innumerable countries around the globe, Commission Justice et Paix promotes the protection of human rights. As well as undertaking research and training, the Commission also exerts political pressure to issues of human rights, development and peace, at national, European and international level. As well as political lobbying work in Belgium, the organisation also wishes to increase awareness around peace and development among the populace. Commission Justice et Paix also acts as the secretariat for the Belgisch Netwerk rond Natuurlijke Rijkdommen, a network bringing together a variety of NGOs working in the field of problems relating to natural resources. The participating associations include: Broederlijk delen, CNCD-11.11.11, IPIS, CNAPD, Solidarité Mondiale, Action des Femmes pour le Développement, CADTM, and Justice et Paix.

For further information see www.justicepaix.be



Broederlijk Delen

Broederlijk Delen is a Christian organisation which helps groups of people in the global South achieve their own goals in the struggle to overcome poverty and injustice. Broederlijk Delen has been active in Congo since the organisation's creation in 1961. Broederlijk Delen primarily supports organisations of small farmers and other NGOs which, in turn, support other networks, by offering training and helping them to organise themselves.

Special attention is also devoted to the position of women and young people in Congo.

Broederlijk Delen supported the process of democratisation through the "Congo wants to vote" campaign, working via Congolese partner organisations which aim to increase political awareness by providing the Congolese people with information and explanation about the electoral process, making them aware of their right and duty to be politically active, applying pressure to candidates and elected members, making it clear to the local (rural) populations that they must become active citizens, making people (including spokespeople) aware that power and authority are not synonymous with "just doing what you like", increasing literacy, particularly among women, so that they are able to consciously adopt a political position, and so on.

Broederlijk Delen has been politically active on the issue of mineral resources in Congo for more than a decade. The campaign "No blood on my mobile!" protested about the shared culpability of Belgian companies in illegal exploitation of resources in Congo, and was partly responsible for the Grote Meren investigatory commission instigated by the Belgian senate. With their report "Supporting the war economy in the DRC: European companies and the coltan trade", Broederlijk Delen raised this issue at a European level. Broederlijk Delen has also collaborated in the international campaigns "Fatal Transactions", "Publish What You Pay" and "A Fair Share for Congo". For further information see www.broederlijkdelen.be



Fatal Transactions

Broederlijk Delen and NiZA are partners of Fatal Transactions. This is a network of European and African NGOs and research institutes conducting an international campaign against the support provided by mineral resources for conflict in Africa. Fatal Transactions wants to ensure that mineral resources contribute in a just and fair way to development and sustainable peace in Africa.

For further information see www.fataltransactions.org.

Does the future of Congo lie underground?

As we write in 2008, the Congolese state is in great need. The national budget is comparable with that of Ghent, a Flemish town of 300,000 inhabitants. Years of looting, war and bad management have brought Congo to a terribly low point. Congo is currently bumping along in 176th place at the bottom of a list ranking the level of well-being in 196 countries. The riches below the ground stand in harsh contrast to the poverty that dominates life above ground. This is the consequence of the plundering of the country by the dictator Mobutu, a decade of war which cost Congo an immense amount of money, corrupt political leaders and the lack of a functioning state apparatus.

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Mining on an industrial scale is still largely at a standstill. Little of the revenue finds its way to the public purse, and even less reaches the local populations. Nevertheless Congo has opportunities aplenty to drag itself out of the mire. The restructuring of the mining sector should be a major contribution to that. The country would then profit from the enormous level of demand for raw materials and the rising prices on the world market. But to achieve this, the Congolese state must bring mining back under its control, introduce a transparent taxation system and use the revenue to invest in the development of the country. Only in that way will children be kept out of the mines, only then will the miners earn enough to maintain their families, only then can the farmers return to tending their fields.

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