The social minefield of gold digging in South-Kivu, DRC The case of Kamituga

Janvier Kilosho
IOB – Institute of Development Policy and Management (University of Antwerp), CEGEMI – Centre d'Expertise en Gestion Minière (Catholic University of Bukavu), LICOS – Centre for Institutions and Economic Performance (University of Leuven).
e-mail: janvier.kilosho@uantwerp.be
Nik Stoop
IOB – Institute of Development Policy and Management (University of Antwerp), LICOS – Centre for Institutions and Economic Performance (University of Leuven), FWO – Research Foundation Flanders. e-mail: nik.stoop@uantwerp.be
Marijke Verpoorten
IOB – Institute of Development Policy and Management (University of Antwerp). e-mail: marijke.verpoorten@uantwerp.be

Starting out as a Large-Scale Mining (LSM) activity in the colonial period, gold mining became more and more dominated by artisanal miners in the course of the past decades. Now, the pendulum swings back to LSM. What is the scope for a relocation and/or reorientation of artisanal miners? We study the case of Kamituga, one of Banro's gold concessions in South-Kivu.

Swings of the pendulum: from LSM to ASM, and back

The province of South-Kivu – located in eastern DR Congo and bordering Rwanda and Burundi – holds important deposits of gold. In the colonial period, these gold deposits were mined industrially (Geenen, 2014; Kyanga Wasso, 2013; Vlassenroot and Raeymaekers, 2004). Artisanal and Small-scale Mining (ASM) gradually developed from the 1960s onward and accelerated after 1982, when Mobutu liberalized the exploitation and trade in minerals.[1] This liberalization occurred within a context of economic and financial crisis – triggered by Mobutu's "Zairianisation" and "Radicalisation" measures – and was presented as a way for Congolese nationals to benefit from their country's natural resources. As a consequence, an increasing number of artisanal miners started extracting minerals using simple hand tools such as hammers and picks. During the two Congo wars (1996-1997 and 1998-2003), LSM came to a standstill while ASM continued to expand.

Presently, ASM is one of the most important livelihood strategies in DRC. A (gu)estimate by the World Bank (2008, p.56) puts employment in the artisanal mining sector in the range of 0.8 to 2 million. Using an average of four to five dependents for each miner, this implies that up to 10 million people, or 16 percent of DRC's population, are dependent on artisanal mining for their livelihood (World Bank 2008: p.7).

The ASM-based livelihood is however under pressure, as the pendulum is swinging back to LSM. Over the past decade, mining companies have shown renewed interest in DRC – triggered first by increasing world prices for minerals, and later by a stabilization of the security situation in eastern DRC. Since ASM cannot easily be taxed[2], the Congolese state is eager to further stimulate LSM-development. A new Mining Code, issued in 2002, aimed to attract more investments from private companies, among others by offering an advantageous fiscal regime (Mazalto, 2005).[3]

While the 2002 Mining Code has helped in attracting Foreign Direct Investment to the sector[4], it may prove detrimental to the sector's ASM segment. Although the code recognizes ASM as a valid production mode, it specifies that artisanal activities should take place in clearly demarcated Artisanal Exploitation Zones (AEZ). In practice, very few AEZ were created and the code provides the opportunity to close them down if "a new deposit which does not

1 Law n°82/039 of November 5th 1982.

2 The bulk of the ASM produce is smuggled out of the country (World Bank, 2008, p.56).

3 The 2002 Mining Code revised the 1981 code, and was designed to restore DRC's reputation in terms of business environment after the debacle of the nationalizations of mining companies by Mobutu in the 1970s.

4 In 2012, mineral rents accounted for an estimated 23.4% of GDP, up from 10.6% in 2006 and 0.3% in 2002 (World Bank, 2013).

lend itself to artisanal mining has been discovered".[5] Consequently, LSM companies have the upper hand, while ASM largely takes place outside the state's regulatory framework (Geenen and Claessens, 2013; Geenen and Hönke, 2014).

Banro in South-Kivu

Just before the start of the first Congo war, the Canadian mining company Banro had shown an interest in four gold mining sites in South-Kivu (Geenen and Claessens, 2013). In 1997, Banro obtained 13 exploitation permits for the Twangiza, Kamituga, Lugushwa and Namoya concessions. The concessions are part of the 210 kilometer long Twangiza-Namoya gold belt that stretches out into Maniema Province (Banro, 2014a).[6] In 2007, the company acquired 14 additional exploration permits, covering large areas around their concessions.[7]

Banro first focused its exploration activities on Twangiza, where it entered the production phase in October 2011 (Banro, 2014b). Geenen (2014, 2013, 2012) and Geenen and Claessens (2013) have analyzed how the development of the Twangiza mine has led to the dispossession and displacement of local communities, and left artisanal miners with few alternative livelihoods. Although Banro set up a community forum – to discuss issues of resettlement and compensation – and organized training- and employment programs, these measures have only benefitted a relatively small part of the affected population and are unlikely to bring relief in the long run (Geenen, 2013; Geenen and Claessens, 2013). As a consequence, artisanal miners have resisted the dispossession, both in words and actions: in April 2011, 500-900 artisanal miners reoccupied sites within the Twangiza concession (Geenen and Radley, 2014).

Also at Banro's other concessions, negotiations with local communities are expected to pose a huge challenge. In its 2013-2014 *Annual Information Form*, Banro describes this challenge as follows: "*Some or all of the Company's properties are inhabited by artisanal miners. These conditions may interfere with work on the Company's properties and present a potential security threat to the Company's employees. There is a risk that operations of the Company may be delayed or interfered with, due to the conditions of political instability, violence and the inhabitation of the properties by artisanal miners. The Company uses its best efforts to maintain good relations with the local communities in order to minimize such risks.*" (Banro, 2014c: p. 16).

Defusing the social minefield

Our research focusses on the mining town of Kamituga, where more than 13,000 artisanal miners are operating within a concession area of Banro. The company is currently still in the exploration phase, but hopes to move to the production phase in the (near) future. In practice, the production mode in Kamituga is therefore characterized by a duality and tension between LSM and ASM. As the concession is granted to Banro, the artisanal miners are *de jure* invaders engaged in illegal activities. But the miners see things differently. Taking recourse to customary rules and traditional rights, they perceive their claims to the land as legitimate.

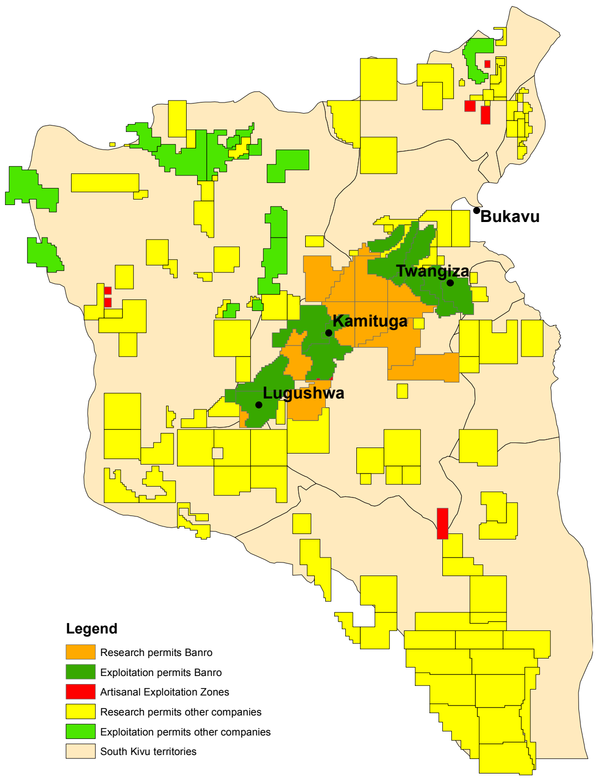

Fig. 1. Research and exploitation permits versus artisanal mining zones in South-Kivu**.** Source: own compilation based on IPIS (*International Peace Information Service*) and CAMI (*DRC Cadastre Minier*) datasets.

5 DRC mining code 2002, Title 4, Chapter 1, Article 110.

6 Namoya is located in Maniema province, close to the border with South-Kivu (Banro, 2014a).

7 So far, less than 12% of the 2,638 square kilometers covered by these 14 exploration permits has been explored using modern techniques (Banro, 2014b: p.2).

Miners may only willingly leave the company's concessions if they can access productive mining zones elsewhere, or develop attractive alternative livelihoods outside the mining sector. Both a relocation and reorientation of artisanal miners are however problematic.

As such, legal access to productive artisanal mining zones is quasi non-existent. Figure 1 shows a map of the research and exploitation permits which have been granted to LSM-companies in South Kivu. The seven AEZs can barely be spotted. Two options to create additional space for ASM are currently being explored. First, civil society organizations lobby with the Mining Registry to force holders of "dormant titles" to either renew or renounce their exploration license. According to the Mining Code, an exploration permit is "dormant" if the holder has not started exploration activities within four years or if the license has not been renewed. When a dormant title is renewed, the holder automatically relinquishes 50% of the perimeter.[8] The hope is to convert some dormant areas into AEZ, but so far this hope has not materialized. A second option is to create "ASM-tolerated" zones within mining concessions of LSM companies, e.g. in areas which are less suitable for industrial mining but still interesting for ASM. This strategy is however subject to changes in the Mining Code, which does not allow LSM and ASM to take place within the same concession.[9] The Mining Code is currently being revised, but it is unclear whether this matter will be resolved.

Besides the lack of AEZs, a relocation of artisanal miners can further be complicated if miners are reluctant to migrate. Contrary to the image of highly mobile artisanal miners, the majority of miners we interviewed in Kamituga were not willing to migrate outside their "chefferie" [10]. Kamituga may be an exception in this regard. In contrast with smaller ASM sites, which sometimes consist of provisory camps, Kamituga is South-Kivu's third largest town (after Bukavu and Uvira) with a population close to 200,000. Many miners have lived in Kamituga their whole life and have invested in a house which they share with their family. If ASM would no longer be possible in Kamituga, the miners we spoke to would therefore rather reorient towards different economic activities than migrate to another mining site.

In terms of alternative activities, especially technical professions (such as mechanic and carpenter) and small trade activities were considered appealing. Most of our interviewees abandoned school at a young age, however, and have little or no professional experience outside of mining. Another frequently mentioned concern echoes that "*everyone in Kamituga is a gold digger*", referring to miners' impression that the entire economy of Kamituga depends on money generated by the artisanal mining sector. They wonder who will be able to pay for non-mining services if the gold from artisanal mining no longer fuels the local economy?

Fig. 2. Artisanal miners in Kamituga

Because their earnings are extremely volatile, estimating revenues for artisanal miners is very difficult. Nevertheless, in South-Kivu revenues from gold mining seem to compare favorably to those of likely alternative activities such as agriculture and informal businesses (Geenen, 2014).[11] Miners' reservation wage – the wage that would make them willingly abandon ASM – may therefore be higher than the earning potential in alternative activities. Furthermore, as compensation for quitting their

8 DRC Mining Code 2002, Title 3, Chapter 1, Articles 61 - 62
9 DRC Mining Code 2002, Title 2, Chapter 2, Article 30
10 South-Kivu is divided into 8 territories, which are subdivided in "chefferies" or "chiefdoms".

11 The World Bank (2008) estimates that an artisanal miner in DRC has an average annual gross income of US$ 1,600. Recent research by IPIS (2014) indicates that gold miners in Eastern DRC may earn on average between US$70 and 105 per month. Geenen (2014) estimates that gold miners in her sample in South-Kivu may earn between US$36 and 118 per month during preparatory periods, and between US$ 128 and 195 during periods of high production.

ASM-activities, miners expect Banro to organize professional- and business training, as well as provide financial assistance during the start-up phase of a new activity. In addition, it is expected that Banro invests in public goods such as schooling, healthcare and infrastructure. These expectations may be unrealistically high: accommodating Kamituga's population and its large number of artisanal miners largely surpasses the capacity and responsibility of a private company. Realizing this, Banro has teamed-up with a large donor (USAID) to address the challenge. Specifically, their partnership will be "designed to support economic opportunities for artisanal miners and community residents and to help reposition artisanal miners in sustainable mining activities or alternative livelihoods" (Banro, 2014a: p.14).

In theory, a reorientation of artisanal miners could be financially supported based on mining royalties paid by LSM companies. The 2002 Mining Code requires a retrocession of mining royalties of which 60% should go to the central government, 25% should be paid to the province, and 15% should go to the local community.[12] Such royalties – if effectively received and properly managed by the provincial and local authorities – could imply considerable injections of cash, which could provide communities with the necessary financial leverage to promote alternative livelihoods. It is currently unclear how the local, provincial and national governments will play a role in the public-private partnership that is being initiated by USAID and BANRO. Their involvement is, however, key. Although state capacity is extremely low, the involvement of state-actors is crucial to counter the already visible "retreat of the state".

12 For precious metals, such as gold, the mining royalties amount to 2,5% of the amount of sales minus a number of deductible costs (DRC mining code 2002, Title 4, Chapter 3, Articles 240-242).

References

Banro, 2014a. Banro Corporation. URL http://www.banro.com/ (accessed 11.6.14).

Banro, 2014b. 2014 sustainability report: A 360° approach to sustainability. Banro Corporation.

Banro, 2014c. 2013-2014 Annual Information Form. Banro Corporation.

Geenen, S., 2012. A dangerous bet: The challenges of formalizing artisanal mining in DRC. Resources Policy 37, 322–330. doi:10.1016/j.resourpol.2012.02.004

Geenen, S., 2013. Dispossession, displacement and resistance: Artisanal miners in a gold concession in South-Kivu, Democratic Republic of Congo. Resources Policy. doi:10.1016/j.resourpol.2013.03.004

Geenen, S., 2014. "Qui cherche, trouve" The political economy of access to gold mining and trade in South Kivu, DRC.

Geenen, S., Claessens, K., 2013. Disputed access to the gold sites in Luhwindja, eastern DRC. Journal of Modern African Studies 51, 85–108.

Geenen, S., Hönke, J., 2014. Land grabbing by mining companies: local contentions and state reconfiguration in South Kivu (DRC), in: Ansoms, A., Hilhorst, T. (Eds.), Losing Your Land: Dispossession in the Great Lakes. James Currey Ltd.

Geenen, S., Radley, B., 2014. In the face of reform: What future for ASM in the eastern DRC? Futures, "The Futures of Small-Scale Mining in Sub-Saharan Africa" 62, Part A, 58–66. doi:10.1016/j.futures.2013.10.023

Kyanga Wasso, A., 2013. Sominki en liquidation: aide-memoire sur l'evolution de la societe à Kamituga. Sominki, Bukavu.

Mazalto, M., 2005. La réforme des législations minières en Afrique et le rôle des institutions financières internationales: la République Démocratique du Congo, in: Marysse, S., Reyntjens, F. (Eds.), L'Afrique Des Grands Lacs Annuaire 2004-2005. L'Harmattan, Paris, pp. 263–287.

Vlassenroot, K., Raeymaekers, T., 2004. Conflict and social transformation in Eastern DR Congo. Academia Press Scientific Publishers, Gent [Belgium].

World Bank, 2008. Democratic Republic of Congo - Growth with Governance in the Mining sector (No. 43402-ZR). World Bank.

World Bank, 2013. World Development Indicators [WWW Document]. World DataBank. URL http://databank.worldbank.org (accessed 8.29.14).

ONGOING RESEARCH

We study the nexus between mineral resources, employment opportunities and conflict in the artisanal gold mining sector of South-Kivu, DRC. Our research has so far been concentrated on the mining site of Kamituga, where we conducted three rounds of fieldwork over the past two years. In the coming months we will conduct a large-scale quantitative survey among 300 artisanal miners in Kamituga. Our research is financially supported by FWO (the Research Foundation Flanders) and CEGEMI (Centre d'Expertise en Gestion Minière). Detailed information on our research set-up and progress is available on www.nikstoop.com.