

Gold baseline study one: Musebe artisanal mine, Katanga Democratic Republic of Congo

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It is one of the only international frameworks available to help companies meet their due diligence reporting requirements.

About this study

This gold baseline study is the first of five studies intended to identify and assess potential traceable "conflict-free" supply chains of artisanally-mined Congolese gold and to identify the challenges to implementation of supply chain due diligence. The study was carried out in Musebe, Haut Katanga, Democratic Republic of Congo.

This study served as background material for the 7th ICGLR-OECD-UN GoE Forum on Responsible Mineral Supply Chains in Paris on 26-28 May 2014. It was prepared by Gregory Mthembu-Salter of Phuzumoya Consulting, working as a consultant for the OECD Secretariat.

For more information visit: mneguidelines.oecd.org/mining.htm



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This report describes preliminary results or research in progress by the author(s) and is published to stimulate discussion on a broad range of issues on which the OECD works. Comments are welcomed, and may be sent to the Directorate for Financial and Enterprise Affairs, OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France.

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Acronyms

ANR	Agence Nationale des Renseignements
CAMI	Cadastre Minier
DGM	Direction Générale de Migration
DRC	Democratic Republic of Congo
FARDC	Forces Armées de la République Démocratique du Congo
ICGLR	International Conference on the Great Lakes Region
IPIS	International Peace Information Service
LINAPEDHO	Ligue Nationale Paysanne des Droits de l'Homme
MONUSCO	United Nations Stabilisation Mission in the DRC
OECD	Organisation for Economic Cooperation and Development
SAESSCAM	Service d'Assistance et Encadrement du Small Scale Mining
UN GoE	United Nations Group of Experts

I. Introduction and key findings

OECD due diligence implementation has steadily advanced over the past few years for the 3Ts (tin, tantalum and tungsten), particularly in Katanga province (Democratic Republic of Congo (DRC)) and Rwanda, but remains still to begin for artisanally produced gold. Challenges to implementing due diligence in the gold supply chain include:

- gold being a high-value, low-volume commodity that is easily concealed;
- gold being readily convertible into all currencies;
- gold being easily smelted and refined; and
- only around 400 kg of DRC artisanally-mined gold is exported legally per year, out of an estimated annual production of up to fifteen tonnes.

Yet the need for due diligence implementation is strong, since numerous studies, including those by the UN Group of Experts (GoE), have shown that gold has become the main source of conflict financing among the minerals mined in the DRC.

A first step towards due diligence implementation is to identify and assess potential traceable “conflict-free” supply chains of artisanally-mined Congolese gold and to identify the challenges to implementation. This baseline study is the first of five intended to do just that. The study was carried out in Musebe, Haut Katanga (DRC), where, according to local government and mining co-operative officials, an estimated 6,000 diggers were active in gold mining at the time of research in March 2014.

Musebe was chosen for three main reasons. The first reason was that the Katangan provincial government, and particularly governor Moise Katumbi, have indicated strong political will to introduce traceability and due diligence at Musebe. The second is that Musebe is close to tin and tantalum mines where due diligence is already reported to be in the process of implementation. The third reason is that while there are problems in Musebe with the Forces Armées de la République Démocratique du Congo (FARDC, the public security forces of the DRC), there is no evidence of any non-state armed group involvement in the Musebe gold supply chain.

Key findings

This study found that plans are already underway to introduce a central gold processing and buying centre (*centre de négoce*) in Musebe, which has the potential to make a major contribution to traceability and due diligence for the town’s gold output. The plans are being driven by the cooperative VIMATED with the apparent support of the *Division des Mines* and *Service d’Assistance et Encadrement du Small Scale Mining* (SAESSCAM). However, the research found that in practice, government agencies on the ground appear to be obstructing implementation of the *centre de négoce*, apparently to protect their capacity to collect illegal taxes. The study furthermore found evidence of numerous illegal taxes being levied by state officials in Musebe; this has reached a point where diggers and rock crushers have resorted to strike action to oppose this practice.

The study also found evidence of illegal FARDC involvement in Musebe mining, currently effectively rendering the mineral output of the town as conflict gold. The Katangan provincial government has promised to take steps to address these issues and thus pave the way for the implementation of due diligence in line with the OECD Due Diligence Guidance

for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas¹ (hereafter OECD Due Diligence Guidance) at Musebe.

The study found awareness and understanding of the OECD Due Diligence Guidance to be low among the majority stakeholders in Musebe, Nyunzu and Kalemie, but also identified a high level of willingness from all respondents to learn more about the Guidance and its implementation.

The study found that diggers, diggers' representatives and government officials all said they supported greater traceability and transparency in the gold industry, but for different reasons. While they all agreed that more transparency could push the FARDC out of Musebe, diggers also expressed the hope that arbitrary taxation from government officials would reduce, while officials said they thought reform would boost government revenue. Only the gold traders in Musebe

Figure 1. Musebe town, from the hill where gold is mined



interviewed for the study openly said that the present system should be retained, but the obstruction of the establishment of a *centre de négoce* by some government officials suggests that they too appear to prefer and benefit from the current lack of transparency.

1 For the full text of the OECD Due Diligence Guidance and detail on the implementation programme, refer to: www.oecd.org/corporate/mne/mining.htm

II. The local mining industry

Katanga province is best known for copper and cobalt, which is mined both industrially and artisanally, and is the DRC's main source of export earnings. The North of the province also contains significant deposits of tin, tantalum and gold, which are all exploited artisanally, or, in a few instances, semi-industrially. Katanga's artisanally-mined gold has historically found its way via Kalemie and Uvira to Bujumbura in neighbouring Burundi, or to Bukavu in South Kivu.

Type of mining, production volume and formalisation levels

Musebe is a newly established mine, but has already turned into one of Katanga's main artisanal gold mines, attracting large numbers of diggers. Locals have long known about Musebe's gold deposits, but sustained artisanal mining only began in early 2013.² The Musebe gold mine lies 120 kilometres northwest of Nyunzu, in the Nord-Lukuga collectivity, Bango-Bango Groupement, Nyunzu territory, Tanganyika district of Katanga Province (Longitude 27.91321 and Latitude -5.15276). 80 kilometres of the road from Nyunzu to Musebe is navigable by car, the remainder only by motorbike or bicycle. The mine lies in concession 4162, which is a *permit de recherche* (PR), held, according to the Cadastre Minier (CAMI), by Afrimines Resources. The PR was granted in August 2010 and expires in August 2015.

VIMATED, a diggers' co-operative present at the mine site, estimated at the time of research in March 2014 that there were around 6,000 artisanal diggers active at Musebe, and another 6,000 people living in the town, some working in ancillary services such as rock crushing or washing minerals, with most of the rest making a living as traders.³ In addition to gold, a wide variety of goods and services are traded at Musebe, despite the logistical challenges involved in bringing anything into the town. Services include satellite phone calls (there is no mobile phone reception in Musebe) and satellite television.

The only mineral mined at Musebe is gold. The town sits in a valley, and it is

the hills surrounding the town that are mined for gold (see Figure One above). Groups of diggers work different pits in the hills. Some workers are inside the pits, digging material, which they shovel above ground, where it is then scanned by others using metal detectors (see Figure Two).

Diggers distinguish between two types of material from the Musebe pits: strongly mineralised and less mineralised. For the latter, the process is that the material is dried, and then placed in diesel-powered rock crushers, whose operators (known as *katwagas*) charged pit teams at the time of research CF15,000 (US\$16.24) per 75kg load. After rock crushing, the resulting flour is washed in drums and then the gold is separated

Figure 2. Using metal detectors to find gold at Musebe gold mine



² Interview with Kaya Kilela David, customary chief of Musebe, Musebe, March 2013.

³ Interview with VIMATED co-operative, March 2014.

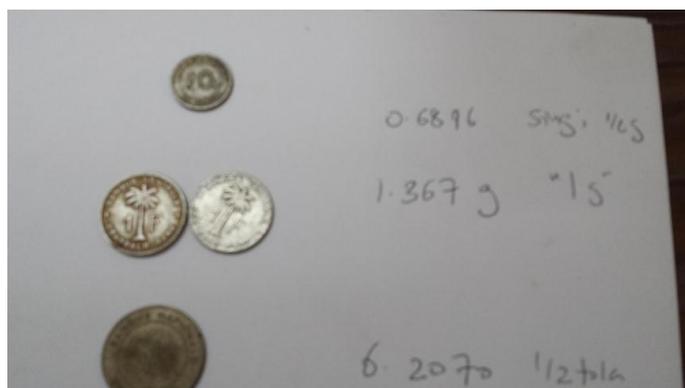
from the rest of the material using mercury. The final product is then sold to *négociants* in Musebe. Strongly mineralised material is typically hand-crushed, washed and then sold. In addition, tailings are processed by *kiburuta*, who wash the material with diesel-powered water pumps.⁴

Half the proceeds of gold sales at Musebe are said to go to digging teams, and half to the pit 'owner'. If the 'owner', however, has received prior financing, the financier is supposed to receive a percentage of the owner's take.

Due to the absence of traceability, production volumes at Musebe are entirely unknown, though production is sufficiently high to sustain the 6,000 diggers and to continue to attract more diggers to the site. Production is entirely artisanal and is poorly regulated. SAESSCAM has 14 permanent staff at Musebe⁵, who work hard to collect taxes from diggers and rock crushers, but have largely been unable to meet their core objective of training diggers in safe and effective mining techniques. Mudslides and tunnel cave-ins are reportedly common, particularly during the rainy season, and have at times resulted in casualties.⁶ Between 50 and 80 *négociants* are said to be active in Musebe, purchasing gold from groups of diggers.⁷ Two *négociants* interviewed for this study said that they and most *négociants* worked for themselves, but that some were pre-financed by buyers in Kalemie (Katanga province), Goma (North Kivu province) and Bukavu (South Kivu province).⁸ The *négociants* said their main challenges in working in Musebe were that they were subject to arbitrary taxation by the authorities, and that they were at risk of armed robbery, particularly at night. The diggers complained that the mines police failed to respond when these attacks took place, and voiced the suspicion that the attackers might be soldiers.⁹

At the time of research, *négociants* typically paid diggers CF40,000 (US\$43.32) for a Congolese so-called "gram" of gold. The weight used by *négociants* to measure a "gram" however, in fact weighs around 1.367 grams (see Figure Three).

Figure 3. Gold weights



An ounce is 28.349 grams, which is 20.738 "grams" (as used locally by *négociants*) weighing 1.367g. At CF40,000 (US\$43.32) per locally-used "gram"-unit, this means an ounce of the gold sold in Musebe would cost CF829,520, (US\$898.33). Assuming gold purity of 92%, which gold traders say to be typical for Katangan artisanally mined gold¹⁰, this gives a Musebe price per ounce

of pure (100%) gold of CF901,652 (US\$976.45). Gold traded at US\$1317/ounce at the time of writing, meaning the price paid by *négociants* to diggers in Musebe was 74% of the world price.

4 Interviews with diggers, rock crushers, and VIMATED, Musebe, March 2014.

5 Interview with SAESSCAM representative, Musebe, March 2014.

6 Interview with VIMATED, *op cit*.

7 Interview with Division des Mines agents, Musebe, March 2014.

8 Interview with *negociants*, Musebe, March 2014.

9 Interview with *negociants*, *op cit*.

10 Interview with Mining Mineral Resources, Lubumbashi, March 2014.

The supply chain from mine to export

Division des Mines agents in Musebe levy taxes on *négociants*, but none of the *négociants* operate a licensed, legal gold-buying *comptoir*, and there is no paper trail indicating where gold from Musebe is sold on to once it leaves the town. Interviewees reported, however, that the principal routes are:

- by road to Kongolo, and then by air to Goma and Bukavu;
- by road to Kalemie, and then by air to Goma and Bukavu; and
- by road to Kalemie, and then by boat to Kigoma (Tanzania).¹¹

Conflict Links

There was a consensus among everyone interviewed for this study that there was no significant presence of non-state armed groups in or around Musebe, and that non-state armed groups were not, at the time of writing, deriving income from gold supply chains emanating from the town.

However, there was evidence that at least two officers of the FARDC had illegally taken so-called 'ownership' of pits at Musebe. According to local sources that were interviewed for this study, the first was an officer from the FARDC's Kongolo infantry battalion, who reportedly sent troops to Musebe in December 2013 to enforce his claims. The second officer was, at the time of writing, the FARDC brigade commander in Kalemie. The brigade commander has reportedly deployed another FARDC officer to Musebe to enforce his claims, who was reported to have established his own detention centre there, where he incarcerated diggers who posed a challenge to the brigade commander's mining operations. One of the sourced reported that the brigade commander's pit lies adjacent to pits run by the local cooperative VIMATED, and that diggers from this pit had tunnelled into VIMATED's pit and were stealing gold from there. The alleged presence and names of these FARDC officers in Musebe has been reported to the Katangan provincial government, which has pledged to take action.¹²

Several respondents stated that Musebe was visited occasionally by other FARDC soldiers, apparently hoping to make money at the mine; these soldiers typically claimed as an excuse for their presence that they were en route to an FARDC military base near Zongwe (six kilometres from Musebe, on the provincial boundary with Maniema).¹³ The FARDC has deployed four people from its military intelligence unit (*Bureau Deux*) to Musebe, whose job it is to monitor the illegal presence of FARDC soldiers and to keep them out of the mines and the town. The *Bureau Deux* commander claimed that as a result of the unit's presence there were no soldiers in Musebe, but this claim was strongly disputed by other respondents, including representatives of LINAPEDHO and the VIMATED co-operative. In addition to the *Bureau Deux*, there was also a small deployment of the *Auditoriat Militaire* in Musebe, whose job it is to prosecute FARDC soldiers illegally present there and non-soldiers found to be in possession of firearms.¹⁴

11 Interviews with negociants, VIMATED and Division des Mines agents, Musebe, March 2014.

12 Interview with Juvenal Kitungwa, minister of the interior, government of Katanga, Lubumbashi, March 2014.

13 Interview with mines police commander, Musebe, March 2014.

14 Interview with mines police commander, *op cit*.

III. Annex II Risks

Serious abuses associated with the extraction, transport or trade of minerals

Any forms of torture, cruel, inhuman and degrading treatment: No evidence was found of torture, cruel, inhuman or degrading treatment. In some circumstances, the practice of arbitrary detention may be considered a form of cruel, inhuman and degrading treatment inflicting serious psychological harm. However, no detailed investigation was made, however, of conditions in the police prison and the private prison referred to above, run by an FARDC officer.

Forced and compulsory labour: No evidence was found of forced or compulsory labour. No detailed examination was made, however, of conditions at the pits controlled by FARDC officers. In other artisanal gold mines in the DRC, there are numerous instances documented by the UN GoE of FARDC commanders compelling diggers to work for them, or of stealing gold from diggers.¹⁵

The worst forms of child labour: Mining police officers, SAESSCAM representatives and VIMATED representatives all said that they had taken steps to prevent child labour at Musebe, but all conceded that it did sometimes take place. No evidence was found of this during the research trip, but it is not impossible that in some pits, children are used to go into tunnels that are too narrow for adults, placing them at risk of injury or even death.

Other gross human rights violations: Interviewees reported that there had been instances of rape in Musebe, and mines police claimed that these had “often” resulted in arrest and detention. Interviewees did not, however, report widespread sexual violence.

War crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide: There was no evidence of war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide.

Direct or indirect support to non-state armed groups

As indicated above, there was no evidence during the research period that non-state armed groups were present in or around Musebe, nor that they controlled any transportation routes to or from the site. There was no evidence of illegal taxation or extortion by non-state armed groups of gold supply chains emanating from Musebe.

Public and private security forces

As indicated above, there is evidence of the illegal involvement of some FARDC officers in Musebe. Multiple testimonies allege that these officers control several pits at the mine, deploy troops to protect them, steal from neighbouring pits and even have their own prison in the town.

15 Most recently, see: Letter dated 12 December 2013 from the Group of Experts on the Democratic Republic of Congo addressed to the Chair of the Security Council established pursuant to resolution 1533 (2004) concerning the Democratic Republic of Congo, UN, New York, 2013, paragraph 162.

Bribery and fraudulent misrepresentation of the origin of minerals

Security in Musebe is officially supplied by the mines police, who numbered 19 at the time of writing, with more police apparently to be deployed. The mines police in Musebe were strongly criticised by several respondents for corruption and extortion. The police, it was alleged, illegally taxed people entering and leaving Musebe and also charged CF100,000 (US\$108.30) to release people arrested for wrongdoing. For their part, the mines police complained that they lacked the resources to do their job, including transport and communications, and this left them exposed.¹⁶

The Katangan provincial government has given the order that the only government agencies permitted in mining towns like Musebe are *Division des Mines*, SAESSCAM, the mines police, and the *Agence Nationale des Renseignements* (ANR; the national intelligence agency). The ANR is supposed to gather intelligence, but allegedly its agents also illegally tax people entering the town.¹⁷ Despite the provincial government order, the *Direction Générale de Migration* (DGM) also maintains an office in Musebe, and sources found them to be also illegally levying taxes on those entering and leaving the town.¹⁸ The DGM justifies its presence by saying its agents were needed to provide security and to prevent non-Congolese nationals from illegally entering Musebe.¹⁹ Officials from the ministry of the environment are also present in Musebe and also levy taxes, including an annual charge on rock crushing equipment, a tax that is usually collected by the *Division des Mines* (see below).

At the beginning of 2014, officials from the Nyunzu *Division des Mines*, SAESSCAM and the environment ministry, who had travelled to Musebe for an extended mission, significantly increased the taxes they levied on rock crushers. The *Division des Mines* tax on rock crushing equipment rose from CF210,000 (US\$227.42) per year to CF350,000 (US\$379.03); the environment tax rose from CF150,000 (US\$162.44) to CF250,000 (US\$270.74) and the SAESSCAM tax from CF50,000 (US\$54.15) to CF100,000 (US\$108.30). The total annual tax on rock crushing equipment thus rose from CF410,000 (US\$444) to CF700,000 (US\$758.07) per year, an increase of 71%. The Nyunzu chief of the *Division des Mines* reportedly threatened rock crushers that unless these new taxes were paid in full, their machines would be confiscated.

Figure 4. Rock crushing equipment at Musebe



Rock crushers furthermore reported that they were being issued receipts on photocopied paper, without the sums they had paid. Outraged, rock crushers at Musebe went on strike during the time of research, saying they would not resume work until the matter was resolved.²⁰ Diggers, already angered at allegedly being forced illegally by SAESSCAM to pay US\$12/year for diggers' cards rather than the statutory US\$5, marched in protest, saying

16 Interview with mines police commander, *op cit*.

17 Interviews with VIMATED and LINAPEDHO, *op cit*.

18 Interviews with VIMATED and LINAPEDHO, *op cit*.

19 Interview with DGM head of office, Musebe, March 2014.

20 Interview with representative of rock crushers, Musebe, March 2014.

that if the rock crushing machines stopped working, they could not eat.²¹ The tax increases and the risk they pose to public order in Musebe have been reported to the provincial government in Lubumbashi, which has promised to take action.

Money laundering; payment of taxes, fees and royalties due to governments

There was no evidence of money laundering at Musebe, though the possibility that some buyers are laundering funds by buying and then selling gold from Musebe was not investigated.

The rapid development of the Musebe gold mine since early 2013 has enticed diggers away from nearby tin and tantalum mines and also led to sporadic banditry on the road to and from the mine. Respondents were adamant that the banditry was criminal in nature, rather than associated with non-state armed groups. However, the banditry nonetheless constitutes a money-laundering risk under Annex II of the Guidance.

As indicated above, diggers, crushers and négociants at Musebe are required to pay a host of fees to government officials, most of which are illegal. There is, however, no official record of how much gold is produced or exported from Musebe. No gold production taxes are being paid, and, assuming that Musebe's gold is currently smuggled out of DRC like most of the country's artisanal production, no taxes are being paid on its export either.

²¹ Interview with diggers' representative, Musebe, March 2014.

IV. Level of awareness and implementation of the OECD Due Diligence Guidance

Awareness of the specific requirements of OECD due diligence guidance for the artisanal gold sector was low to non-existent among miners, traders, NGOs and government officials interviewed in and around Musebe, with the sole exception of the president of VIMATED, who said he had designed the *centre de negoce* with OECD requirements in mind.²²

There was, however, considerable interest in the OECD Due Diligence Guidance - once it had been introduced - including those working for government agencies, in the private sector and NGOs, with all expressing a keen desire to know and understand more. In addition, the Katangan provincial government and *Division des Mines* and SAESSCAM officials in Kalemie stated a willingness to take action to remove the obstacles to implementing a traceable, conflict-free supply chain from Musebe, including removing the FARDC and addressing the multiple instances of illegal taxation identified in this report.

V. Relevant initiatives, research and projects on gold mining

Unlike in the 3Ts, there have been no traceability or due diligence initiatives thus far in the Katangan artisanal gold sector, beyond proposals from government officials in Kalemie to introduce sealed plastic envelopes for gold produced in Musebe and other sites. The sealed envelope initiative, however, will first require the government to be able to monitor and record gold production and trade at these sites.

Although government officials issue and charge diggers for diggers' cards and tax rock crushers, gold production at Musebe was not being recorded officially at the time of research. This is despite the country's Traceability Procedures Manual for Mining Products, from Extraction to Export (2010), which requires the issuing of a number of documents, including purchase slips, confirmation slips for small-scale production, validated Declarations of Origin and Sale of Commercial Mining Products. As discussed below, government officials have expressed the hope that centralising rock crushing and gold trading in a *centre de negoce* in Musebe will finally make it possible to monitor and record gold production and to implement the requirements of the country's Traceability Procedures Manual.

There appears consensus that the issuing of all the required documentation would introduce a much greater degree of traceability in the supply chain of gold from Musebe. To mitigate the risk of fraudulent documentation being issued, which could facilitate money laundering, there is a need to strengthen the system with on-the-ground monitoring by an independent body. As indicated above, there are NGOs and civil society groups already active in Musebe, and these could potentially perform this role, particularly if external financing was available to assist the process.

Key to progress in implementing due diligence in Musebe is likely to be strong political will. Aware of the many illegalities being perpetrated by the military and other state agencies in Musebe, eager to ensure revenues for the state from Katanga's gold, rather than just for state officials, and keen to promote his province as the first in the DRC to supply 'conflict-free' artisanal gold, Katangan provincial governor Moise Katumbi has said he would like a

22 Interview with VIMATED president Ghislain Kikudji, Nyunzu, March 2014.

single operator to come into Musebe, to “clean it up” and introduce traceability and OECD due diligence.²³

Though most of Katanga’s tin and tantalum mines had at the time of writing been visited and assessed by joint validation teams, typically comprising officials from the *Division des Mines*, SAESSCAM, and the UN Mission in the DRC (MONUSCO), there had not been a joint validation mission to Musebe.²⁴ The multi-stakeholder joint validation programme is designed to evaluate conditions at 3T and gold mines, and qualify them as ‘green’, ‘yellow’ or ‘red’, according to the degree they meet International Conference on the Great Lakes Region (ICGLR) and OECD standards.

The site was visited by the International Peace Information Service (IPIS) in late March 2013. According to IPIS’ interactive web map of Eastern DRC mines²⁵, there were 15,000 diggers at the site, 300 pits, and there was a permanent FARDC presence, with soldiers buying minerals and making use of forced labour.

The national ministry of mines and the provincial government agreed in 2013 that VIMATED should be the co-operative working in Musebe, and have also expressed the hope that it team up with a single operator.²⁶ No single operator has attempted yet to take over the concession, but VIMATED has developed a plan for a *centre de négoce* at Musebe where, the co-operative envisages, all gold crushing, washing and trading activities, plus the work of state agencies, would be centralised.²⁷ In VIMATED’s view, centralising activities in this way would be the only way to enable implementation of traceability and due diligence at Musebe.²⁸

The heads of the North Katanga *Division des Mines* and SAESSCAM have stated their commitment to transparency in artisanal gold mining in the region, and have said that they too wish to see a *centre de négoce* established in Musebe, regarding this as essential for the introduction of traceability and due diligence.²⁹ To enable the establishment of a traceability system for artisanally-mined gold, the SAESSCAM office in Kalemie has developed a prototype of a sealed plastic envelope in which it envisages that gold could be transported from Musebe. However, these envelopes were not yet being used at the time of writing.

Figure 5. Prototype sealed envelope for gold from Musebe



VIMATED has accused *Division des Mines* and SAESSCAM agents in Musebe, particularly those from Nyunzu, of blocking the establishment of a *centre de négoce*, allegedly because

23 Interview with Moise Katumbi, Lubumbashi, March 2013.

24 Interview with VIMATED, *op cit*, and with Robert Mujinga Nguz Karim, administrateur du territoire du Nyunzu, Kalemie, March 2014

25 <http://ipisresearch.be/mapping/webmapping/drcongo/>

26 Interviews with VIMATED and Juvenal Kitungwa, *op cit*.

27 See Appendix One.

28 Interview with VIMATED, *op cit*.

29 Interviews with Simon Pierre Kambi Mwilambwe, head of *Division des Mines du Katanga Nord*, and Jacques Kabashi, head of SAESSCAM antenne du Katanga Nord, Kalemie, March 2014.

the current system makes it easier for them to collect illegal taxes. Land for the Musebe centre has already been identified and cleared and at the time of research, construction had begun of a washing tank and of offices for *négociants* and government agents. Yet VIMATED has alleged that the Nyunzu *Division des Mines* has ordered *négociants*, rock crushers and washers not to relocate to the *centre de négoce* until VIMATED has teamed up with a single operator.³⁰ The heads of the *Division des Mines* in Kalemie and Nyunzu have confirmed that they hope a single operator will establish itself in Musebe³¹, but have thus far declined to respond to questions about whether their officials have indeed ordered that the *centre de négoce* should not function until that time.

Figure 6. The Musebe Centre de Négoce



30 Interview with VIMATED, *op cit*.

31 Interviews with Simon Pierre Kambi Mwilambwe, head of Division des Mines du Katanga Nord, and Jacques Kabashi, head of SAESSCAM antenne du Katanga Nord, *op cit*.

VI. Conclusion: Incentives for and against due diligence uptake and implementation

The VIMATED co-operative, representatives of diggers and rock crushers in Musebe, and civil society representatives all stated that they were in favour of introducing traceability and transparency into the gold supply chain, for three main reasons. The first was that the system might enable diggers to get fairer prices for their output, since they were convinced that *négociants* were currently cheating them. The second was that the system might mean the eviction of the FARDC and the lessening or elimination of onerous and illegal taxes. The third reason was that implementation of the system might be accompanied by investment in Musebe, which they hoped would include improvements in the road from Nyunzu, the installation of mobile phone coverage and the provision of social services, such as a school and a clinic.³²

Division des Mines and SAESSCAM officials in Musebe and Kalemie stated that they were in favour of due diligence implementation as it would enable them to have an accurate understanding of gold production levels, and would probably result in an increase in tax revenues. Some added that the system might help remove the FARDC from Musebe. Some also expressed the view that if due diligence implementation was accompanied by the arrival of a serious investor that would lead to new investment and improvements in Musebe's infrastructure and social services.³³ Members of the Katangan provincial government in Lubumbashi concurred with these reasons, adding that they wanted to see Katanga become the leading 'conflict-free' artisanal gold province in the DRC.³⁴

There was far less willingness on the part of respondents to indicate any opposition to implementing due diligence, though two *négociants* queried the need for it, saying the current system was working well.³⁵ Yet the opposition among government officials to VIMATED's efforts to establish a *centre de négoce* in Musebe tells a different story. The main reason for this opposition appears to be the concern of these officials that a *centre de négoce*, and due diligence in general, might reduce the scope for them to collect illegal taxes. Another issue may be that these officials too have direct interests in Musebe gold mining pits, and they are concerned that these could be revealed with the implementation of greater transparency.

FARDC officers with commercial interests in Musebe have an incentive to oppose the implementation of traceability and due diligence. The same is the case for politicians and government officials that may have a covert financial interest in the gold mine, though some may conclude that since open opposition to due diligence is too difficult, they can instead adapt and even benefit from formalisation.

32 Interviews with VIMATED, LINAPEDHO, and representatives of diggers and rock crushers, Musebe, *op cit.*

33 Interviews with *Division des Mines* and SAESSCAM officials, Musebe and Kalemie, *op cit.*

34 Interviews with Moise Katumbi and Juvenal Kitungwa, *op cit.*

35 Interview with *négociants*, Musebe, *op cit.*

VII. Recommendations

Awareness of OECD due diligence guidance should be raised with multiple stakeholders in Musebe, and with the government officials in Nyunzu, Kalemie and Lubumbashi responsible for Musebe's administration. This might best be achieved through collaboration with appropriately skilled international and local NGOs. Site validations of artisanal gold mines should begin in Katanga, starting – perhaps – with Musebe.

Implementation of due diligence would best be initiated by the establishment of a *centre de négoce* in Musebe. There then follow two principal options; either there is just one buyer or more purchasers are permitted. Both options have advantages and disadvantages. Having one buyer makes social and infrastructural investment in Musebe more likely, but also raises the risk of monopoly pricing and new forms of collusion and corruption with government agents. The proliferation of buyers on the other hand makes significant new investment less likely, but may reassure diggers that they can sell their gold in a genuinely free market.

Either way, the establishment of a *centre de négoce* should be accompanied by firm provincial government action to remove all armed groups, including the FARDC from Musebe, and to remove illegal taxes and the state officials responsible for levying them. All this would be facilitated by improvements to the road to Musebe, to the point where vehicles and not only bicycles and motorbikes could access the town.

Only if buying is centralised, either through a *centre de négoce* in Musebe, or by some other means, will it be possible for the authorities to implement the requirements of the DRC Traceability Procedures Manual for Mining Products, and thus track and trace the transiting of gold from the town. This can potentially be done, as the authorities envisage, with sealed envelopes, though security issues relating to the proposal require further attention. To mitigate the risk of fraudulent documentation being issued, there should be a system of on-the-ground monitoring; this could be carried out by a local NGO, or network of NGOs and civil society groups.

If all these measures were put in place, Musebe could become an important site of conflict-free, traced, artisanally-mined gold from the DRC. Buyers wishing to source conflict-free artisanal gold from DRC and support efforts to introduce due diligence to the sector should commit to sourcing from Musebe once these measures are in place. Buyers could facilitate by for example funding the establishment of a *centre de négoce* and an on-the-ground monitoring system.



mneguidelines.oecd.org/mining.htm