



# KOLWEZI ECONOMIC DEVELOPMENT AND GOVERNANCE TRANSITION STRATEGY

## FINAL REPORT

## TABLE OF CONTENTS

### ACRONYMS

### EXECUTIVE SUMMARY

<b>1. PROJECT BACKGROUND</b> .....	<b>1</b>
1.1. Context.....	1
1.2. Goal.....	2
1.3. Objectives of the Project.....	2
1.4. Process.....	3
<b>2. CONFLICT ANALYSIS &amp; RESEARCH RESULTS</b> .....	<b>6</b>
2.1. Conflict Analysis.....	6
2.2. Summary of Research Findings .....	9
<b>3. ECONOMIC DEVELOPMENT AND GOVERNANCE ROAD MAP 2008-2015</b> .....	<b>18</b>
3.1. Vision Statement.....	18
3.2. Goals & Objectives.....	18
3.3. Approach: Multi-sector Stakeholder Collaboration .....	18
3.3.1. Multi-sector Leadership of Development Process.....	18
3.3.2. Delivery Mechanisms.....	18
3.3.3. Ongoing Stakeholder engagement .....	20
3.4. Critical Assumptions .....	20
3.5. Year One (2008) Activity Proposal .....	21
3.5.1. Training to Enable Access to Employment .....	20
3.5.2. Small Business Development .....	21
3.5.3. Agriculture & Livestock Activities .....	22
3.5.4. High Intensity Manual Labor .....	23
3.5.5. Development of the artisanal and small-scale mining sector .....	25
3.5.6. Support to Vulnerable groups including women and children.....	26
3.5.7. Governance .....	27
3.6. Stakeholder Feedback.....	28

### TABLES & FIGURES

Table 1:	Conflict Analysis- Kolwezi and the Artisanal Mining Sector
Table 2:	Fiscal Contribution Sensitivity to Copper price in millions of USD per annum
Table 3:	Strategy & Milestones 2008-2010
Table 4:	Training & Apprenticeship Activities
Table 5:	Small Business Development Activities
Table 6:	Agricultural Activities
Table 7:	HIMO Activities
Table 8:	Artisanal and small-scale mining activities
Table 9:	Vulnerable Groups Activities
Table 10:	Governance and rule of law activities

**ANNEXES**

1. PowerPoint Presentation of Final Report
2. Child Labor
3. Judicial Review
4. Women & ASM
5. Mintek Economic & Infrastructure Report
6. Agriculture Report
7. Maps

## ACRONYMS

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ASM	Artisanal and Small-scale Mining
CAMI	<i>Cadastré Minière</i>
CEPC	<i>Centre d'Exécution de Programme Communautaire</i>
CMKK	<i>Coopérative minière du Katanga</i>
CNOS	<i>Conseil National des ONG de Santé</i>
DCP	Nikanor Group Company
DFID	United Kingdom Department for International Development
DRC	Democratic Republic of the Congo
ECOCRIM	<i>Ecole de Criminologie</i> (University of Lubumbashi)
EMAK	<i>Entreprise minière artisanale du Katanga</i>
FEC	<i>Fédération des Entreprises Congolais</i>
Gécamines	<i>La Générale des Carrières et des Mines</i>
GTZ	German Technical Cooperation
HDW	Human Dignity in the World
IFC	International Finance Corporation
ILO	International Labor Organization
KOL	Kamoto Operating Limited
MONUC	United Nations' Mission to the DRC
REGIDESO	<i>Regie de Distribution d'Eau</i>
SAESSCAM	<i>Le Service d'assistance et d'encadrement du small scale mining</i> (exploitation minière à petite échelle)
SME	Small and Medium Enterprise
SMK	<i>Société Minière de Kolwezi</i>
SNCC	<i>Société Nationale des Chemins de Fer du Congo</i>
SNEL	<i>Société Nationale d'Electricité</i>
SNV	Netherlands Development Organization
TFM	Tenke Fungurume Mining
USAID	United States Agency for International Development

## EXECUTIVE SUMMARY

### *Background*

In April 2006, violent clashes relating to artisanal mining resulted in four deaths. In response to this incident and the general increase in tensions and conflicts over resource access and trade, the former Vice-Governor of Katanga, His Excellency Chikez Diemu, requested assistance. Pact, with private mining company support, solicited support for a multi-donor approach to address the conflict in Kolwezi resulting from the tension between the artisanal and large-scale mining sectors and to present a plan for a peaceful economic development. Two international donors offered support: the International Finance Corporation (IFC) and the United States Agency for International Development (USAID). Four mining companies also agreed to contribute to the project including: Anvil Mining, Nikanor, Katanga Mining Limited (KOL) and Tenke Fungurume Mining (TFM).

### *Research Results*

Following eight months of research and stakeholder engagement, a strategy has been developed for a peaceful transition to broad-based economic development and improved governance in Kolwezi and the surrounding area. The research reports are available in their entirety as an annex to this document. The strategy acknowledges the multi-faceted nature of the issue and the activities are proposed accordingly, including: economic development, governance promotion, alternative livelihoods development, training and employment, promotion of a safe and regulated artisanal mining sector, protection and promotion of vulnerable groups such as women and children, and focused infrastructure development.

### *Development and Governance Road Map*

Based on the research results, the following vision statement was identified:

“By 2015, Kolwezi and the surrounding area are recognized for legal, efficient and responsible large and small-scale mining, mineral processing and trading, which generate a diversified and sustainable economy with equitable opportunities and benefits to the population at large. Social development is coordinated to deliver benefits beyond concessions, and is contributed to by a wide variety of stakeholders with a strong lead role played by the government and effective use of mining royalties.”

In order to realize this vision, the following objectives have been identified:

- Stimulate long-term economic recovery and growth;
- Support the enabling environment for a diversified mining sector in which artisanal and small scale, as well as large scale mining activities function effectively, economically and co-exist peacefully;
- Develop a cadre of skilled local people with corresponding employment opportunities;
- Stimulate and support local business development;
- Provide operational infrastructure;
- Encourage multi-donor engagement with a view to sharing and transferring financial responsibility with a strengthened local government over time;
- Align mining sector social investment to national and provincial planning for social infrastructure to increase sustainability and equity;
- Support mechanisms to increase transparency and promote multi-stakeholder participation in decision making regarding territorial mining royalties;

- Support mechanisms and capacity to ensure the rule of law; and
- Ensure a child labor-free mining sector.

### ***Approach***

Multi-sector stakeholder collaboration will be essential to the success of this project. This plan was developed through engagement with government, civil society, the private sector and international donors, but the engagement must continue and increase. Government, the international donor community, companies and civil society all have a very important role to play. Key decisions will require broad consultation. Implementation success will hinge on open lines of communication, clearly established roles and responsibilities, and well-defined feedback mechanisms.

In terms of implementation, three time horizons are considered:

- 2015 is the target year included in the vision for this plan, which highlights that this plan will take sustained time and commitment from all stakeholders;
- An outline strategy, with milestones, for 2008-2011 is provided;
- Activities are presented for the first year (2008). These activities are designed to both deliver tangible results quickly, as well as lay the foundation for sustainable development interventions into the future.

There are a variety of conceivable delivery mechanisms for this project. Currently, companies present in Kolwezi carry out social development projects independently, with little coordination or collaboration. Companies could choose to continue to allocate social development funding individually, but guided by the framework of activities provided in this proposal. A second option is for companies and other donors to form a mechanism, such as a steering committee, to help coordinate and collaborate on development projects. The third option would be to develop a Kolwezi foundation or trust that would manage contributions of any donor. This foundation would then prioritize and manage and/or out-source social development projects.

### ***Critical Assumptions***

There are a number of critical assumptions or factors that are essential to the success of this strategy. Continued peace and stability in the DRC and Katanga will be essential to development. Increased capacity of both government and civil society organizations will be necessary to responsibly manage the revenue available for social development, implement quality development projects and maintain an environment that continues to attract foreign investment. Also, a continued flow of resources will be essential. The levels of available resources will depend on a number of factors including: mineral production levels; commodity prices; international donor priorities; the commitment of both the private and governmental sectors; and the government decentralization process.

### ***Funding***

The activities proposed assume funds will be leveraged from bi-lateral donors, mining companies and the government to ensure ownership and equity of decision-making. The transition plan will assume an increasing role of the government in the decision-making and implementation of the plan's activities to guarantee alignment and synergy with government policy and practice around economic development and the mining sector. A 45%-45%-10% split by international donors, mining companies and government bodies, respectively, is envisaged with donors and mining companies' contribution decreasing over time and the role of government gradually increasing. A total of US\$ 7.4 million is proposed for Year 1.

## 1. PROJECT BACKGROUND

### 1.1. Context

The mineral wealth of the Democratic Republic of Congo (DRC), as well as improved investment climate after years of conflict, is attracting international mining companies, driven by booming demand from new markets such as China and India and record-high commodity prices. In the latter years of the Mobutu regime, throughout the war and with the collapse of state-owned enterprises, the informal mining sector significantly expanded, resulting in high employment levels in illegal, informal mining activity and significant vested interests in illegal trade. With the arrival of new investors and mining companies, conflict between the new foreign actors and artisanal miners, as well as entrenched illegal/informal traders, is increasing and resulting in social tension across the DRC.

The artisanal and small-scale mining (ASM) sector in the DRC represents a significant livelihood factor in the economy. It is estimated that up to two million people work as artisanal miners across the country. With their dependents, they represent 15-20% of the population and produce 90% of the minerals exported from the country.

It is very important to view this statistic in global terms. Globally, large mines generate more than 95% of the world's total mineral production. The industry employs an estimated 2.5 million people worldwide and is dominated by some 50 major mining and metals companies. Global ASM generates about 15% of the world's minerals yet are a major source of income in about 30 countries around the world for at least an estimated 13 million people. Between 80 million and 100 million people are estimated to depend on small-scale mining for their livelihood.

The DRC is the reverse. 90% of minerals are produced by ASM, only 10% by large-scale mining. This comparison serves to demonstrate the enormity of the transformation and the length of time that will be required for formalization of the mining sector.

Artisanal miners come from a variety of socio-economic backgrounds such as public security forces (current, demobilized and deserters), displaced farmers, and even skilled professionals. In the last decade, these individuals have become highly migratory, adapting to shifts in product demand across the country. Their temporary settlement in communities can often have very negative social impacts including family breakup and polygamy, an increase in prostitution, abuse of alcohol and drugs, competition for - and destruction of - the communities' resources, and distortion of local market prices of basic goods due to their relatively higher daily income earned. Artisanal miners are frequently trapped in cycles of debt and poverty as a result of financial obligations to middlemen and women, known as *negociants*.

Women work in and around artisanal mines, most often as transporters and processors of raw material, as well as service providers to the mine such as commerce, catering and, frequently, prostitution. Women are rarely given equal pay, rights or representation. Artisanal mining and associated activities are also frequently carried out by children and youth, despite the DRC's ratification of the UN Convention on the Worst Forms of Child Labor.

The DRC's regulatory environment and capacity are weak, and existing laws such as the Mining Code are not enforced effectively. Local authorities and security forces tend to be paid sporadically, which leads to corruption and participation in the illegal mining. Authorities and security services are

paid off by intermediaries to turn a blind eye to, or in some cases even promote and protect, their illegal activity. This, in turn, undermines community and large-scale mining company trust in the police and local authorities to properly enforce the Mining Code as it relates to artisanal activity on large-scale concessions.

The level of employment and source of livelihood provided by artisanal mining activity will not be replicated by a formal mining sector. Modern mining is simply not sufficiently labor-intensive to generate the scale of jobs that would be needed. As the mining sector in the DRC is formalized through large-scale foreign investment over time, the necessary approaches and tools need to be developed to assist in the integration of artisanal mining within the broader mining sector.

In Katanga Province, various interest groups remain heavily involved in illegal resource extraction. In Kolwezi, since early 2006, this activity has been fuelled by rising international copper prices and a weak local administration unable to enforce mining legislation and susceptible to corruption. As concessions have been granted to large-scale mining companies, small-scale activities, primarily using artisanal labor, have come under increasing pressure. On several occasions, this pressure has produced direct confrontation between artisanal miners, public security forces, and mining company employees. Violent confrontations have included burning of houses, killing of personnel, attacks on personnel in concessions, and riots and protests in the town. Such events constitute a human tragedy in many cases, and also disrupt the daily lives of individuals and businesses, deter investment, and produce a sense of malaise within the general population of the positive impact that safe and legal resource extraction could provide to the wider population.

Kolwezi has an estimated population of 600,000 people of whom roughly 4,000 are expatriates working primarily in the mining sector and its related supply services. Kolwezi traditionally was known as the “lung of the Congolese economy” and has the potential to reclaim this title once again. With five internationally-listed mining companies and several private medium-scale companies currently operating or establishing operations in Kolwezi, and with several other large internationally-listed companies exploring potential opportunities in the region, the city is well-placed to lead its population through an economic and social renaissance. However, many factors could negatively impact the possibility of responsible and sustainable development for the larger communal good. With an estimated 30,000 artisanal miners operating illegally in the Kolwezi area, this sector of the population presents a major opportunity for, or constraint against, such a recovery. Several thousand women and 4,000 children are directly involved in or indirectly affected by artisanal mining in the town and district of Kolwezi.

## **1.2. Goal**

The goal of this project was to identify the key components for sustainable economic growth and transition in Kolwezi. A key element in this context is the interaction between artisanal miners and large-scale mining operations in the area.

## **1.3. Objectives of the Project**

- Identify how artisanal mining can be managed as a legal, responsible, safe and efficient livelihood opportunity, which is integrated into the sustainable social and economic development of Kolwezi.
- To develop a comprehensive, long-term plan for artisanal mining activity in Kolwezi, which identifies the needs, capacities, resources and constraints of all stakeholders in the private and

public sectors and supports integrated social and small/large scale commercial investments for the long-term development of the region.

- To create a formal or informal association of stakeholders across all sectors, all of whom support this Kolwezi Plan and who are prepared to collaborate with regard to:
  - Agreeing and delivering appropriate and consistent messages when working with artisanal miners
  - Agreeing on, and ensuring the enforcement of, acceptable standards of practice when working with artisanal miners
  - Planning and consulting on land and resource management issues that impact on artisanal miners
  - Supporting the formation and sustainability of viable and commercially competitive small and micro enterprises (SMEs) to provide support services to the mining sector
- To contribute to the immediate and long-term resolution of existing and potential conflicts as the province makes a transition from an economy in which illegal activity thrives to one in which legal exploitation of resources generates material benefits to the country.
- To analyze and articulate the economic needs to ensure that the local administration, customs, judiciary and security forces are paid for their services as a critical measure to address corruption and security risks.
- To develop practical and clear initiatives in focus areas of alternative livelihoods.
- To research and consult on the role, risks, constraints and opportunities for women within and in support of the informal and formal mining sectors, including how this impacts on the vulnerability of children. To identify development opportunities that can strengthen women's position and resources, building on existing projects and recommending new activities.
- To identify the current levels and root causes of child labor in the artisanal mining sector in Kolwezi, thereby to propose a range of interventions to include prospects of transition to more appropriate forms of labor and the long-term educational resources required.

#### **1.4. Process**

To develop this transition plan, Pact Congo hired experts to complete the individual components of research. The following four reports were developed and are available in their entirety as annexes to this document:

- “The Kolwezi Infrastructure and Economic Study,” by MINTEK
- “The Kolwezi Agricultural Study” by a team lead by Pact Congo staff
- “Child Labor in Artisanal Mining in Kolwezi” a joint research project by Groupe One, CNOS (National Council of Health NGOs) and Human Dignity in the World (HDW); and
- “Management of Conflicts and Creation of Viable Alternatives in Kolwezi” by the Department of Criminology at the University of Lubumbashi.

These experts consulted widely with relevant stakeholders in the development of their respective reports. This included individual surveys and questionnaires, focus groups discussions, feedback sessions, and interviews. In addition, Pact selected several strategies for soliciting on-going feedback and participation of a wide range of concerned actors in Kolwezi.

**Steering Committee-** In January 2007, a steering committee, referred to as the “Donor Group” and composed of representatives of the donors and mining companies who financed the project, was established with terms of reference for general oversight and provision of advice to Pact Congo on the project’s implementation. This group met every month during the life of the project in Kolwezi. When possible, the IFC participated. Each monthly meeting had activity summaries and minutes recorded.

**Stakeholder Engagement-** Stakeholder engagement occurred at various stages and in various forms during the life of the project. For each research piece undertaken, relevant government departments or local institutions were involved in development of surveys and questionnaires, data collection, focus groups, and other interviews. In total, the entire project worked with with eleven government departments and over eight sectors of the population (women, children, artisanal miners, school teachers, religious orders, trade unions, business unions, and traditional leaders) in Kolwezi and the province. A total of three government departments played a central role in project implementation in the domains of agriculture, infrastructure, and transition activities for artisanal miners.

The Child Labor research interviewed 450 children working in various concessions across Kolwezi. In addition, 100 women were interviewed in the same localities. The first findings were presented on the Africa Child Day in June 2007 to over 100 stakeholders including the Mayor’s office and traditional leaders. Traditional leaders, local organizations, community members and local authorities participated in three consultations in the most vulnerable artisan mining settlements of Kolwezi. Over 100 people participated in this second round of consultation. Based on these meetings and the feedback from the Donor Group, the report recommendations were amended and the strategies developed represent the views of these stakeholders.

Judicial aspects of the conflicts in Kolwezi’s mining sector were analyzed by a team of experts composed of criminologists, sociologists, jurists and civil society activists. The research included meetings and interviews with 100 artisanal miners, the police, the judiciary, the Mayor and other local authorities, the major cooperatives in Kolwezi, SAESSCAM, mining companies and Gécamines. A round table was also held in Kolwezi with 75 representatives from a wide range of sectors to present the key findings of all the research and to solicit further feedback and recommendations.

The artisanal women’s socio-economic survey interviewed 250 women working in various concessions across Kolwezi. The surveys were then complemented in May 2008 by a rapid gender-based violence (GBV) assessment carried out by a GBV expert. This activity did not form part of the Project but its results served to complement work done under the collaborative project in Kolwezi. Due to time constraints, the initial survey results were never taken back to the communities in Kolwezi. It is anticipated that if a project implementation phase moves forward, a renewed consultation process would be sought to develop more specifically the approaches and activities. However, information and recommendations emanating from the Child Labor research with women interviewed were used to support the proposed strategies and activities. In addition, after one year and a half of project activity implementation with Anvil Mining Ltd, Pact has gathered significant lessons-learned in relation to women’s socio-economic transition out of artisanal mining for future replication.

For the final report and road map, Pact Congo held a series of consultations in Lubumbashi and Kolwezi. These consultations included six mining companies; the office of the Governor of Katanga; the Minister of Mines of Katanga; the Minister of Infrastructure of Katanga; the Minister of Agriculture of Katanga; the Mayor and other local authorities in Kolwezi; Gécamines; *Le Service d'assistance et d'encadrement du small scale mining* (SAESSCAM) of the Ministry of Mines; the *Entreprise minière artisanale du Katanga* (EMAK) and *Coopérative minière du Katanga* (CMKK) who are two primary organizers of traders, *negociants* and artisan miners; a forum of civil society actors in Kolwezi; ECOCRIM; the International Labor Organization (ILO); and two bi-lateral donors, namely USAID and the UK Department for International Development. Apart from the mining companies who participated in a half-day discussion group on the report, the other stakeholders were individually interviewed after having received the report in advance. Feedback from these stakeholders can be found in Section 3.6 at the end of this document.

**Communications-** A communication plan was developed in May 2007. It detailed the communication actions to date and the future opportunities for sharing the project with donors, media, and government. Media were used at two events over the life of the project. Pact Congo shared the project and its concept with stakeholders at eleven events nationally and internationally. In addition, Pact Congo prepared a media briefing for local media dissemination.

## 2. CONFLICT ANALYSIS & RESEARCH RESULTS

This section includes a conflict analysis, followed by a summary of the research completed by the consultants on this project. The conflict analysis identifies three specific levels of conflict drivers and is based largely upon the work completed by ECOCRIM. The summary findings section integrates the analysis completed by all of the consultants and is organized according to areas of intervention which are proposed in the Economic Development and Governance Road Map 2008-2015, which is presented in Section 3. The consultants' reports are available in the language they were originally produced in, either French or English, and can be found in the annex to this document.

### 2.1. Conflict Analysis

Through the work of the University of Lubumbashi's Criminology Department (ECOCRIM), the following factors were identified as most prevalent in conflicts in the mining sector of Kolwezi:

- Competencies and responsibilities of major artisanal mining cooperatives (EMAK and CMKK) and SAESSCAM (*Le Service d'assistance et d'encadrement du small scale mining*), the Ministry of Mines department responsible for technical support to artisanal miners;
- Competition among cooperatives (CMKK, EMAK, and others) for membership and resources;
- Unfulfilled roles and commitments within the joint-venture partnerships (mining companies and Gécamines, state-owned enterprise);
- Expectations for social investment on concessions where communities and mining operations coexist, and security repercussions when expectations appear to be unmet;
- Competition over access to resources and land among mining companies, communities and artisanal miners; and
- Competition over rights to exploitation and commercialization by foreign and national companies, and illegal traders.

Not all these conflicts, however, lead to violence nor disrupt the social fabric of Kolwezi to the same degree. During the course of both the Group Analysis exercise of July 2007 and the final Round Table in September 2007, the conflicts identified by stakeholders that most disturbed the social and economic development of Kolwezi were those listed as those relating to SAESSCAM, EMAK and CMKK (bullets one and two) and the issue of expectations for corporate social investment (fourth bullet point). The issue of competition over access to resources and land (bullet five) was also identified in relation to incidences on the concession of the *Société Minière de Kolwezi* (SMK), a subsidiary of Anvil Mining.

In the group analysis exercise, participants identified the organizational and institutional conflict between EMAK, CMKK and SAESSCAM as the most critical barrier towards properly supporting a viable, safe and regulated artisanal mining sector. This relates to the interpretation of roles and responsibilities for cooperatives and technical services directed at artisanal miners, the competition to absorb artisanal miners under one structure versus another, and the inability of any one organization to properly represent and genuinely respond to the concerns and needs of artisanal miners. As a result, no organization effectively serves its constituency (artisanal miners) and competes over membership or, in the case of SAESSCAM, beneficiaries. Artisanal miners in turn do not feel the benefits of the fees they pay to these institutions and thus hold a significant distrust towards their leadership. When concerns of artisanal miners arise, recourse is found more easily in violent protest, attacks on company properties, and general social unrest. If these organizations were better structured to represent genuinely the concerns of artisanal miners, and be able to

negotiate on their behalf with companies and Gécamines, a significant reduction in tensions and conflict would be achieved.

Gécamines is a key actor in Katanga. In 1906, the *Union Minière du Haut Katanga* was established to exploit the rich copper fields and, 60 years later, it was transformed into the 100% state owned enterprise, Gécamines, which was a hugely important employers and provider of social services in the province. Gécamines' copper production reached a peak of almost 480,000 tons of copper in the 1980s, but by 2003, production was barely more than 5,000 tons pa. The company now depends on joint venture partnerships with new mining companies but also carries out some mining and is a significant purchaser of artisanally-mined product. The relatively low prices paid by Gécamines, and the irregularity of payments, have been major contributors to recent conflicts in Kolwezi.

The conflict factors above have three specific levels of conflict drivers:

**i. Structural:**

- The lack of relevance in the design of mining legislation to its practical applicability on the ground;
- The creation of institutions and organizations concerned with the artisanal mining sector over time through different decrees and legislation that contain significant overlaps in responsibility and function and potential to generate fees or membership;
- The economic driver of copper and cobalt prices fuelling greater competition over resources;
- The relative ease, through lack of proper rule of law, for a greater amount of corrupt illegal operators to do business in Kolwezi;
- The legacy of Gécamines in Kolwezi as a social development provider and the resulting expectations of communities that international mining companies will now assume that responsibility;
- Lack of clarity in terms of government policy at the provincial level for promoting and assuring artisanal mining as part of the current economy and mining sector policy; and
- The low prioritization placed on finding economic and social alternatives for artisanal miners by the government at all levels.

**ii. Inter-personal and Organizational:**

- The lack of an appropriate, representative and authentic structure for artisanal miner representation;
- The variance in interpretation of institutional roles and responsibilities, and the subsequent decisions made to cooperate, or not, with actors who share a similar mandate;
- The imbalance in competencies and responsibilities within joint-venture partnerships; and
- The minimal opportunities for dialogue and problem-solving among various actors in the mining sector at large.

**iii. Personal:**

- The economic vulnerability of individuals;
- The subsequent ability to be manipulated to violence by interest groups;
- The mistrust felt among actors and the drive to individual competition over resources; and
- The interpretation of traditional versus modern land ownership concepts by community leaders and artisanal miners.

**Table 1: Conflict Analysis- Kolwezi and the Artisanal Mining Sector**

Type of conflict	Actors	Driver(s)	Examples
<b>1. Governance</b>			
a. Competing competencies and responsibilities	Cooperatives and SAESSCAM	<ul style="list-style-type: none"> <li>• Contradictory legislation and texts left to open interpretation</li> <li>• Lack of Government intervention to clarify roles and responsibilities</li> <li>• Economic interests to compete over constituencies (artisanal miners)</li> </ul>	<ul style="list-style-type: none"> <li>• On-site confrontations between the institutions</li> <li>• Slanders and rumors</li> <li>• Multiple demands on artisan miners for payments &amp; affiliation</li> </ul>
b. Roles and commitments within the joint-venture partnerships	Mining companies and Gécamines	<ul style="list-style-type: none"> <li>• Economic vulnerability of Gécamines</li> </ul>	<ul style="list-style-type: none"> <li>• Sourcing of economic revenue through artisanal mining</li> </ul>
<b>2. Resource management, decision-making, and benefit</b>			
a. Access to resources and land	Mining companies and artisanal miners	<ul style="list-style-type: none"> <li>• Limited opportunity for artisanal activity to be independent of a large-scale concession</li> <li>• Minimal opportunities for dialogue and problem-solving between various actors in the mining sector</li> </ul>	<ul style="list-style-type: none"> <li>• Violent protest and rioting, physical attacks and death</li> <li>• Barricade at mine access roads</li> <li>• Burning and looting of mining company property</li> </ul>
b. Expectations for social investment and security repercussions where expectations appear unmet	Mining companies and surrounding communities	<ul style="list-style-type: none"> <li>• The legacy of Gécamines in Kolwezi town as the social development provider</li> <li>• Interpretation of traditional and modern rights to land</li> <li>• Limited opportunities and structures for communities to raise concerns and genuinely have them addressed</li> </ul>	<ul style="list-style-type: none"> <li>• Expectations of communities that international mining companies will now assume the responsibility</li> </ul>
c. Competition over rights to exploitation and commercialization	Foreign and national companies, and illegal traders	<ul style="list-style-type: none"> <li>• The economic driver of copper prices fuelling a greater competition over resources</li> <li>• The ability, through lack of proper rule of law, for a greater amount of illegal operators to do business in Kolwezi</li> </ul>	<ul style="list-style-type: none"> <li>• Open buying and selling through illegal houses in Kolwezi</li> <li>• Product sourced off legal concessions by artisanal miners for illegal traders</li> </ul>
<b>3. Social responsibility</b>			
a. Social investment responsibility and economic alternatives for artisanal miners	State, communities, artisanal miners, and mining companies	<ul style="list-style-type: none"> <li>• Lack of resource revenue from royalties and taxes at Provincial Government level</li> <li>• Absence of concerted stakeholder development plan</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc requests made to companies for social investment by the Government</li> <li>• Diversion of core business attention to social development by mining companies</li> </ul>

Two other issues are important for all stakeholders to understand and to include in analysis of conflict in Kolwezi. The role of Gécamines is tremendously important and, at this point, its lack of leadership, business management, and social development, environmental management and human rights practices, contributes to exacerbating conflict rather than reducing it. Gécamines in this domain is the legacy authority of Kolwezi thus symbolically representing a lost era of paternalistic and company-run local government. It is an operator competing for resources with new, formal sector investors as well as competing - and collaborating - with illegal and informal traffickers. It is a

joint-venture partner responsible for fulfilling its obligations both to the joint ventures and to the government of the DRC; and lastly, was requested by Katanga's Governor to become the default purchaser of artisan mining product.

It is also important to highlight the conflict between Katangese and Kasaians in Kolwezi, which has affected community dynamics historically and has contributed to increasing tension recently. As a result of the ethnic cleansing of Kasaians in the early 90's, many skilled mining professionals and others left Kolwezi and, recently, there has been populist outcries as some persons from ethnic groups outside of Kolwezi and Katanga either return or accept new jobs in Kolwezi. There are irresponsible declarations, in some cases by elected politicians, that "non-Katangese" should not be allowed to return and accept employment and, in some cases, attempt to retain their illegally seized homes.

## **2.2. Summary of Research Findings**

The mineral riches of Kolwezi present a prime opportunity to spur economic and social development. Billions of dollars will be invested in Kolwezi, and millions of dollars will be available from business taxes and from the mining royalties, which are designated by the Mining Code to be used for social infrastructure. However, there are many challenges to overcome in order to harness the potential for economic development.

This section summarizes the key challenges identified through this project and the key recommendations to address them.<sup>1</sup> The following section then presents specific activities that could be implemented in the near term, including potential structures to manage these projects, as well as critical factors to ensure success.

### ***Training for Formal Sector Employment***

Internationally-listed mining companies in Kolwezi - Anvil Mining, Nikanor, and Katanga Mining Limited - currently employ approximately 5,000 workers. By 2011, First Quantum Minerals will also be in operation and collective direct employment of these companies is expected to rise to 10,000 to 15,000 individuals. In order for Kolwezi to experience economic growth and stability, Congolese people need to be able to access these jobs. However, many skilled individuals left the Congo during the decline in mine activity and years of conflict. In addition, technology has advanced and individuals who received training years ago need additional re-training in new methods, materials and equipment.

Acute shortages of technical skills require an expansion of technical education facilities in the Kolwezi district and elsewhere in the DRC and moreover have a lengthy lead-time before students graduate onto the job market. Steps need to be taken urgently to rebuild the educational infrastructure of the DRC. There should be collaboration between mining companies and institutions such as "*Institut Technique de Mutshel*" in Kolwezi and the University of Lubumbashi to help source and resource suitable students and graduates.

In addition to training for employment directly by the mining companies, training programs and apprenticeships should be developed to develop trained employees to work with companies—both

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<sup>1</sup> The summary findings section integrates the analysis completed by all of the consultants. The consultants' reports are available in the language they were originally produced in, either French or English, and can be found in the annex to this document.

industrial and small, medium and micro-enterprises--servicing and supplying the mining sector. For example, South African company, Barloworld, estimates the earth moving market in the DRC for the next five years is valued at US\$1.3 billion and they are investing in capacity to service this market.

The project's consultant for training and small-business development worked with the major mining companies in Kolwezi to establish a list of the most critical job sectors envisaged in the coming years. These results are found in the Year 1 activity plan and would constitute the preliminary focus of vocational training and apprenticeships with the Mutoshi Technical Institute and independent training houses. Fundamental to moving the training program forward with the Institute will be the modalities for management and maintenance. Gécamines remains the owner of the Institute, and thus any participation by mining companies in the revitalization of the school will necessitate a Memorandum of Understanding (MoU) between the two parties and a well-defined management structure. In January 2008, Pact accompanied representatives from the Lundin Foundation for Africa to visit the Institute along with Katanaga Mining Ltd. It is possible that the number of interested investors in the Institute will increase significantly in the coming year.

### ***Small, Medium and Micro Enterprises (SMMEs)***

Overcoming the legacy of Gécamines will be vital to successful economic development and transition of Kolwezi. Gécamines employed huge numbers of individuals directly, as well as maintained local infrastructure, provided healthcare, education, and entertainment for the surrounding communities. This wholesale provision of goods and services, as well as legislation, extortionist taxation and procurement policies that disadvantage small business, eroded the entrepreneurial drive in local business.

If companies are willing to procure a portion of their goods and services locally, this will create a huge opportunity for supplier businesses and SMMEs. Additionally, SMMEs, such as brick makers, can start to serve the general local economy outside the mining sector as more resources are available in the area and individuals start to build their homes.

Entrepreneurs, however, will need a significant amount of training and technical assistance in small business operation as well as support to develop an entrepreneurial mindset. Credit will be necessary to help successful entrepreneurs establish and scale-up their operations. Specific input and guidance will also be important to help develop business plans that diversify away from mining sector construction opportunities which are only sustainable in the near to medium-term.

### ***Agricultural Development***

In the past, Katanga province produced a large number of agricultural goods, including maize, milk, beef cattle, pork and chickens. However, as a result of many factors including nationalization in the mid-1970s, several short periods of conflict in the late 1970s, and looting by the army in the early 1990s, agricultural production was reduced to subsistence levels.

Current levels of production in the Kolwezi area are insufficient to meet basic food security needs, let alone the needs of the large numbers of individuals arriving in the area daily. To fill this gap, much of the food consumed is currently imported. According to statistics collected by the SNCC, an average of over 500,000 tons of agricultural products was shipped into Kolwezi annually from 2004 to 2006. Factors constraining agricultural production and livestock production include: lack of basic inputs such as quality seeds; the prevalence of subsistence farming; the lack of a regional agricultural

policy; and the marginalization of agricultural activities vis-à-vis informal and formal mining, which has resulted in many workers leaving the agricultural sector.

Through training programs and targeted technical assistance, agricultural production can also be an excellent source of jobs. In the past, training programs did exist, such as the *Centre d'Exécution de Programme Communautaire* (CEPC) of Gécamines. However CEPC has not functioned since 2000.

It is recommended that the Government of the DRC and development NGOs dedicate resources and obtain expertise in small-scale agriculture extension for the Kolwezi area to assist farmers to increase production levels and sell their products to the mines. It is also recommended that mine stores dedicate a portion of their budget for purchasing agricultural products from local producers. Also, mines should endeavor to engage local producers in their immediate vicinity to become dedicated suppliers to the mines.

### ***High-Intensity Manual Labor for Priority Infrastructure Development***

Infrastructure increases economic output directly by making private capital more productive, by increasing the attractiveness of a region, by enabling trade flows, and by stimulating the construction market and, depending on approaches used, can generate significant short- to medium-term employment. As the infrastructure network expands, national economic and financial efficiencies increase. Infrastructure has long-term effects on the type of social structure to be developed - in particular the growth of urban centers and their linkages. Inadequate infrastructure maintenance can cause an increase in costs to producers and in extreme cases, a breakdown of economic activities. Poorly planned sequencing of infrastructure provision can tie up capital unnecessarily.

The current state of infrastructure in Kolwezi is dismal, at best. Roads, bridges, railways, electrical, water and waste management systems all need to be repaired, improved or constructed. The poor state of road infrastructure limits mineral and agricultural production. To meet the needs of the mining sector, National Route 2 from Kolwezi to Likasi should be the first priority for infrastructure development. The second priority is the improvement to the Lualaba Bridge. Currently the bridge is narrow, and has a weight limit of 40 tons, which constrains the transport and delivery of equipment and product. The railway is also essential to restore networks with other parts of the DRC and to provide routes to transport mineral to international ports. Kolwezi's access to the Angola border by rail is critical to link up with the anticipated opening of the Benguela Railway to the Atlantic Ocean, this project is currently constrained by lack of commitments on the DRC side.

All infrastructure development should prioritize two elements: coordination among stakeholders, and the use of labor-intensive construction methods to provide training and employment. In order to coordinate the different processes already under way or planned, integrated rehabilitation plans and processes need to be put in place, involving all stakeholders. These will include national/ provincial/ local government, private and public sector, NGOs and local communities.

Labor-intensive methods in infrastructure rebuilding provide only temporary employment for the majority of the people; however, it does provide a regular income for a period of time, which can assist in the transition to more permanent new livelihoods. In addition, it can be used as a platform to train artisanal miners to become entrepreneurs. Another positive benefit is that it creates a feeling and reality of ownership of the project by the communities involved in the construction as some may be selected for permanent maintenance and management of the infrastructure. The

participatory mechanism in the process may also add value to the communities' motivation to own the project.

One point that must not be underestimated is the extent to which HIMO requires focused and intensive management, as well as high-levels of training and guidance for the workers. One solution to help defray the cost of this management and training could be to cooperate with volunteer technical aid organizations such as Engineers Without Borders.

### *Improved ASM*

The previous sections have focused on livelihood alternatives to artisanal mining. However, it is difficult to estimate with any precision how many jobs can be created, as well as how willing artisanal miners will be to change jobs. As noted, there are as many as 30,000 artisanal miners in Kolwezi alone, and between 150,000 and 200,000 in Katanga province.

It is obvious that financial incentives are a key motivating factor in the sector. Annual incomes for artisanal miners vary dramatically and are influenced by a range of factors including: access to good grade resources; charges levied for mining activity; commodity prices; debt to pre-financing traders; price-fixing; extortion; and differential pay according to role, age, or gender. Research during the course of this study indicates that artisanal miners in Kolwezi may earn US\$500-750 per annum, which is more than four times the per capita income of US\$130. Projects established during the course of the research, and jobs created with mining companies, agreed to an average wage / income offer of \$100 per month, or \$5 per day, which is also consistent with the Katanga Governor's vision of a minimum wage for the province. This income level is readily accepted by artisanal miners, and there is some evidence that in rural areas artisanal miners will accept income levels even less than this. If jobs can be offered that provide steady work, and safe working environments, at this level of income, it is possible that a large proportion of artisanal miners would be willing to move to a new sector.

With currently 90% of minerals in the DRC produced by artisanal methods it is essential to recognize the scale and economic value of this sector, and the considerable time that any real levels of transition will require. It is also extremely important to note that a diversified mining economy typically includes large, commercial-scale companies and activities as well as small- and medium-scale extraction of sub-industrial resources. The Mining Code of the DRC allows for both legal artisanal mining in dedicated zones, as well as formal and regulated small-scale or semi-mechanized mining.<sup>2</sup> Therefore research and pilot demonstration efforts need to be focused on the potential for regulated, safer, legal, and more efficient artisanal and small-scale mining. This needs to include a capacity needs assessment and training program for the government service for artisanal and small-scale mining, SAESSCAM.

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<sup>2</sup> **Mining Code Article 98 : Small-scale mining deposits:** If the technical conditions characterizing certain deposits of mineral substances do not allow for a large-scale mining exploitation which is economically viable, but instead for a small-scale mining operation with a minimum of fixed installations using semi-industrial or industrial procedures, these shall be considered small-scale mining deposits. The Mining Regulations determine the conditions for small-scale mining, in particular the volume of the reserves, the level of investment, the production capacity, the number of employees, the annual added value and the degree of mechanization.

The key issues and steps that will need to be addressed to create a legal and viable artisanal and small-scale mining sector include: geological and economic determination of sub-industrial potential; designation of land for artisanal miners; assurance of control and management of these sites; building the capacity of all actors to carry out mining and trading in a legal and safe manner; review and dissemination of appropriate mining legislation; creating business support resources for small-scale mining; focusing on small-scale mining as a logical intermediary between artisanal miners (who can be employed by small-scale businesses) and large-scale companies (who can sub-contract appropriate resources to small-scale operators); law enforcement; protection of vulnerable groups; and removal of all children from mines.

### ***Vulnerable Groups***

Women play a range of important roles in artisanal mining and trading. Research in Kolwezi shows that 60% work in washing, sorting and grading material, 30% work in actual mining of product and 10% work as transporters or as small traders/suppliers. In addition, women constitute important mineral traders and, on one major artisanal mining and buying site in Kolwezi over 25% of 200 *negociants* were women, including the two biggest and most influential traders.

The women's socio-economic survey revealed that single, divorced or widowed women make up 36% of the female artisanal mining population. This segment can be effectively classed as female-headed households. Such a large percentage of female-headed households in any given population is an indication of several underlying conditions. First, it indicates by virtue of the absence of male heads that nuclear family norms have been disrupted, either through poverty and loss of assets or through migration of males or through generalized breakdown of overall societal norms.<sup>3</sup> Second, it indicates a greater dependency ratio of children to adults, with single women actors carrying a greater number of children than standard nuclear joint-spouse households. Third, it indicates diminished access to resources in these households, due to limited household assets (normatively accessed through males) and unequal access to employment and fair wages by virtue of being women and subject to economic discrimination.

Unfortunately, the number of these vulnerable female-headed households must be augmented by another 52% of married women's households in which the spouses are unemployed and thus dependent on a single source of income. In effect, fully 70% of all of the women surveyed were the sole income sources for their families. As one would expect, the large bulk of women depend on mining for their income, and most of them (48%) have no other sources of revenue.

Fully 75% of the women have been working in artisanal mining for 2 years or less, after 2 years there is a precipitous drop. This suggests several things, first and foremost that their jobs are menial and require no skills, as can already be surmised from their level of earnings. But more importantly, these figures suggest that working in the mining sector is both opportunistic and transitory. While this work is obviously readily available, it is not employment that is seen as worth commitment, especially in terms of gaining further skills, and not viewed as a long-term foundation for the economic life of these women's households.

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<sup>3</sup> There is one exception to this generalization and that is when female heads are dependent on remittances from spouses who have migrated *successfully* in search of employment – this exception does not appear to be the case for Kolwezi given that it is itself is a magnet for labor migration.

This latter point is emphasized when the women respondents were asked if they would quit the mines and out of 112 women, only 4 replied no. All those who responded yes, they would like to quit the mines, also said they would need to be given the economic means to do so. This suggests not only a group that would be willing to enter into other economic opportunities given the chance, but also they would do so even if the alternative sources were on a part-time basis. However, as with men, many are in debt to traders and thus need initial assistance.

But what is most interesting is the nature of the secondary sources of revenue for these households, with agriculture/livestock and petty commerce being most significant. One could equally surmise that women who leave the mining sector after two years have most likely substituted agriculture and/or petty commerce for mine work. A straightforward reading of this data would suggest that these two sectors are the most attractive and probably most promising as avenues for the amelioration of women's economic standing.

Projects started during the research period had a degree of success in assisting women to transfer to new livelihoods. This is demonstrated particularly through Pact's social development partnership with Anvil Mining Ltd. with support given to more than 70 former artisanal miner women to move into other economic sectors. After six months, these women successfully established a primary economic activity outside artisanal mining and within another three months diversified their earnings through a secondary part-time business. In most cases agriculture formed the primary economic base with small businesses as a secondary part-time opportunity.

No picture of women in the mining sector would be complete without addressing their physical vulnerabilities. The large bulk of illnesses among these women is clearly directly related to the fact of working in the mines, especially accidents, the various respiratory problems, unsanitary conditions leading to diarrhea/vomiting, infections and skin irritations, and the prevalence of malaria and typhoid.

Perhaps the most troubling aspect of women working in the artisanal mines and camps is their exposure to a violent and volatile community dominated by men unattached to either family or place. The artisanal mining communities in Katanga Province -- by their aggregation of migrant, mostly young and unencumbered, individual men, with traditional villages overwhelmed by the influx of strangers and opportunities for unregulated gain, and with only casually supervised policing agents -- represent situations where the general collapse of minimum societal norms are evident. It should not be surprising that in such situations normal social expectations and protections regarding women and children are lacking. This is evident in the reported incidences of gender-based violence (GBV) in Katanga Province. The problem is even more troubling when one considers that it is generally understood that less than 20% of incidents are actually reported.

Recommendations for interventions to assist women working in the mines include expansion of the micro-savings and literacy activities to enable women to gain greater control of their finances, and thereby either strengthen their position in mining or transition to alternative livelihoods. Gender awareness training for mine supervision agents, including SAESSCAM, is important, as is a mechanism whereby women can report and be assured of follow-up when they are they victims of crime and abuse in the mines. The provision of well-staffed and supplied local medical clinics would have a direct impact on the immediate health of women and children (and men) in the mines. Such clinics also provide the most natural site for sensitization to public health issues, especially regarding sexually-transmitted diseases and proper preventive care and hygiene for children. In the survey,

while only 12% of the women had never heard of HIV/AIDS, 49% had had no exposure to its causes and prevention – a sure breeding ground for misinformation and mistreatment

Pact's GBV assessment recommended addressing GBV in a three-pronged effort: (1) sensitizing both men and women to the legal rights of women and legal sanctions against GBV; (2) educating and providing oversight on judicial and police instances of authority for the full prosecution of GBV offenders under the law; and (3) supporting clinics and women's groups for the medical and psychosocial care of victims.

Another key issue related to women working in the mines is that they frequently bring their children to the mines with them. The child-mining situation in Kolwezi has unique characteristics compared to other artisanal mining communities in the DRC, and Africa in general. For the majority of children, mining is not a full-time activity nor is it driven purely by economic need. Given its semi-urban nature, the survey discovered 68% of the children attended school full-time (7am-noon or 1pm-5pm), and additionally dug in either the mornings or afternoons. This same percentage of children also admitted to digging on the weekends or holidays. Thirty percent of the children surveyed have fathers who are professionally employed in Kolwezi with an additional 10% having their mothers also employed. Forty-three percent of the children surveyed admitted that their friends heavily influenced their decision to mine after school or on the weekends. Drivers stem strongly from a lack of alternative activities like sports, and after-school clubs, and the boredom that ensues as a result.

Additionally and very importantly, the sale of product to illegal *maisons d'achat* is easy, and prices are high. Access is relatively easy to mining sites and the police and local authorities for the most part are not active in campaigning in communities for children to be banned from artisanal mining activity. This lack of law enforcement and community monitoring of child labor activities eases the ability of children to mine for a part of the day. Earnings are allocated to the family household income, school fees, clothing and other personal effects.

A number of interventions are necessary to address this problem. First, a public awareness campaign for a "Child Labor Free Mining Sector" in Kolwezi with local authorities, mining companies, civil society, traditional leaders, church leaders, teachers, and NGOs actively involved is necessary. Child leadership is essential in this. Second, parent-school relationships should be strengthened to encourage and monitor the attendance of children in the schools. Finally, extra-curricular activities should be developed to provide the children with a safe alternative to spend their free time. For adolescents who may not be in a position to return to school at their age, income-generating activities and technical skills training should be developed.

### ***Governance and Transparency***

Issues of governance and transparency are crucial to the economic development of Kolwezi. A wide range of aspects of governance were discussed and analyzed in the project including rule of law, judicial capacity, government institutions and resource needs, and the issue of capacity and mechanisms to responsibly manage the taxes and royalties that will be produced as a result of the mining operations.

It is impossible to accurately predict the amount of revenue and royalties that will be generated in the DRC as the two main factors that will dictate the availability of revenue generated are

commodity prices (which is based on predictive assumption as well as sectoral market forecasts) and the amount of minerals extracted (which depends on the results of geological prospecting and the availability of investment capital for extraction).

Two estimates were considered in this project, and even though they diverge fairly significantly they still provide an idea of the possible revenue that will be available. Mintek’s analysis demonstrates that the four main companies operating in Kolwezi could produce anywhere between US\$ 116.4 million and 1.3 billion in revenues and royalties annually, with the range in estimates being accounted for by different copper price assumptions. (Production levels are based on project target rates provided by the companies.)

**Table 2: Fiscal Contribution Sensitivity to Copper price in millions of USD per annum**

Principle taxes	Copper and cobalt price scenarios			
	\$1.1lb Cu & \$10lb Co	\$1.5lb Cu & \$12.5lb Co	\$2lb Cu & \$15lb Co	\$3.3lb Cu & \$27lb Co
Royalties	18.7	31.0	45.6	94.1
Professional tax on profits of 30%	97.7	278.5	493.0	1,206.0
Total	116.4	309.5	538.6	1,300.2

Source: Derived from Mintek analysis

The World Bank has developed several scenarios for potential fiscal receipts generated by mining operations. It should be noted that these estimates are for the sector as a whole, while Mintek’s estimates are based on projected production rates for the four Kolwezi mining companies focused on in this report. Additionally, World Bank estimates are based on copper prices of 1.10lb Cu and 1.50lb Cu. In the most conservative scenario fiscal receipts amount to US\$186 million (2008-20012) and US\$388 million annually, for the period 2013-2017. Under the medium case scenario for the same period these values increase to US\$ 244 and 689 million, per year, respectively.

As further noted by the World Bank and many other observers, retrocession of revenues to the provinces or territories will pose the obvious problem of reinforcing capacity at the provincial and municipal levels to account for and to use the funds appropriately. Under the current system there is already a significant discrepancy between the fiscal receipts that should be generated by the mining sector and those actually officially received and reported. For example, in 2005 in Katanga an estimated US\$500 million in exports passed through more or less formal channels. Based on that, one could assume that around US\$50 million in tax revenues would be generated from Katanga. However, for 2005 the government reported the collection of only US\$26.7 million in all taxes from the entire mining sector. Additionally, an estimated \$60m in site rehabilitation guarantees, paid by companies to government at the time that mineral rights are issued or renewed, is also unaccounted for. Both government and civil society capacity will need to be strengthened in order to responsibly manage these resources.

Consistent with the GDRC’s commitment to the Extractive Industries Transparency Initiative, the relevant government authorities and mining companies should be encouraged to take steps to publicize the distribution of revenues contributed by mines and received by different government departments as provided for in the Mining Code. Transparent and public accounting for mining royalties due to the provincial and local/territorial administration will improve governance

accountability, local infrastructure provision as well as aid private sector and NGO stakeholders to coordinate their development efforts.

Key areas of intervention that were highlighted by stakeholders in the study include government training with an emphasis on anti-corruption and transparency; enabling issues for stimulation of business and agriculture such as rationalizing, reducing or eliminating licenses, fees and administration; and cross-sectoral efforts to halt illegal mining and trading activity.

### **3. ECONOMIC DEVELOPMENT AND GOVERNANCE ROAD MAP 2008-2015**

#### **3.1. Vision Statement**

“By 2015, Kolwezi and the surrounding area are recognized for legal, efficient and responsible large and small-scale mining, mineral processing and trading, which generate a diversified and sustainable economy with equitable opportunities and benefits to the population at large. Social development is coordinated to deliver benefits beyond concessions, and is contributed to by a wide variety of stakeholders with a strong lead role played by the government and effective use of mining royalties.”

#### **3.2. Goals & Objectives**

- Stimulate long-term economic recovery and growth;
- Support mechanisms and capacity to ensure the rule of law;
- Support the enabling environment for a diversified mining sector in which artisanal and small scale, as well as large scale mining activities function effectively and co-exist peacefully;
- Develop a cadre of skilled local people with corresponding employment opportunities;
- Stimulate and support local business development;
- Provide operational infrastructure;
- Encourage multi-donor engagement with a view to transferring financial responsibility to a strengthened local government over time;
- Align mining sector social investment to national and provincial planning for social infrastructure to increase sustainability and equity;
- Support mechanisms to increase transparency and promote multi-stakeholder participation in decision making regarding territorial mining royalties; and
- Ensure a child labor-free mining sector.

#### **3.3. Approach: Multi-sector Stakeholder Collaboration**

##### **3.3.1. Multi-sector Leadership of Development Process**

The management of this transition plan necessitates diverse participation that should encompass government, companies, donors, and civil society. Representatives from these sectors should be involved in all aspects of project implementation including: planning, implementation, monitoring, and review of activities in order to ensure synergy of various investments and to avoid duplication of investment efforts made by mining companies, donors and government in the proposed sectors of Kolwezi. Through continuous and targeted consultation, the plan will respond to priorities as they arise by populations and the government, while maintaining long-term agreed goals by the collaborating actors. In addition, the transition plan and its implementation will be communicated to relevant stakeholders at a local, national and international level.

##### **3.3.2. Delivery Mechanisms**

There are three primary options for delivery of the identified activities:

- Loose coordination and individual company project implementation or subcontracting;
- Coordinated Development (steering committee);
- Foundation or Trust.

Currently, companies are operating roughly according to option one. There is loose coordination through collaboration in this project and other venues, but in large part each individual company is addressing social development independently of others and is focusing largely on the communities most directly impacted by its operational footprint.

The second option would provide for an increased degree of collaboration and coordination. A steering committee or similar mechanism could be developed to help prioritize and coordinate projects. This option would provide a semi-formal mechanism in which companies could pool funds in order to collectively address development issues. This steering committee could then identify organizations to carry out the identified projects.

The third option is the most formal and provides for the highest degree of coordination. Donors, companies, and government would provide funding to this trust or foundation that would be created for the sole purpose of coordinating social development projects in Kolwezi.

In all cases, the project activities could be undertaken by a wide range of actors (international organizations, UN and government bodies, private institutions, local NGOs and civil society groups). Technical organizations can implement activities according to their competency and proven track record. Mechanisms such as sub-grants and partnerships should be used to strengthen organizational capacity of local institutions and organizations.

Pact proposes that option two be pursued in the short-term while consideration of the formal trust or foundation is undertaken based on experience, trust and increasing capacity. A steering committee composed of government, mining company, NGO and civil society, and donor representation would design, manage and monitor the implementation of the project's activities. It is expected that the government would take a lead role in informing and assuring the steering committee that the project responds to, and is in line with, the development priorities of the population of Kolwezi. It is also expected that mining companies, donors and NGOs would share relevant information concerning social development initiatives apart from the project so as to ensure that duplication of resources is avoided.

In the short-term to maintain the momentum established during the research phase, one or two key 'quick-win' activities should be selected that companies collectively contribute to without an overarching governing structure. Such activities would include the child-labor campaign, the dissemination of the mining code and alternative economic opportunities for artisans on individual concessions. These are activities providing a collective benefit to the community-at-large in Kolwezi and are tangible enough to serve as a starting point for greater future collaboration.

Several key strategies will serve to ensure strong ownership and improved sustainability of the project:

- Leverage the participation of as many companies, donors and government actors as possible so as to create a strong sense of collaboration and mutual responsibility;
- Encourage multi-donor engagement with a view to transferring financial responsibility to a strengthened local government over time;
- Align the social investment to national and provincial planning with the aim of integrating the overall plan into government policy and practice;

- Meet regularly with appropriate Kolwezi authorities, including traditional leaders, the Bourgemestres and *Chefs de Quartier*, to ensure the project's activities respond to municipal and territorial priorities for social development; and
- Engage actively through civil society networks in Kolwezi and Katanga and through existing community development committees across concession areas with the population to solicit priorities, feedback and concerns.

### **3.3.3 Ongoing Stakeholder engagement**

A significant amount of stakeholder engagement has occurred in order to arrive at this current plan. However, ongoing engagement will be essential throughout the life of the project. Engagement must be approached in a way that allows the widest amount of participation possible. Regular meetings (annual or quarterly) will need to be scheduled to provide opportunities for individuals not part of the steering committee to have their opinions heard. Relevant documentation should be disseminated through appropriate media (radio, print, etc) in accessible formats (non-technical, multi-language, including French, Swahili and possibly other local languages as well). In addition, mechanisms should be put in place for managing concerns and grievances, as well as formal ways to incorporate this feedback into project design and implementation.

### **3.4. Critical Assumptions**

There are a number of assumptions that are critical or will increase the chance of success of the proposed plan:

- Peace and stability throughout the country is essential to ensure an effective and successful implementation of the proposed road map.
- It is assumed that the majority of actors, or at least a critical mass, wants to move towards a situation of improved governance and regulation of the mining sector. While this may appear obvious, there are, in fact, many actors currently benefiting from informal and illegal activities that may actively threaten or spoil the success of any interventions.
- The national government on its own and potentially with donor support must equip its ministries and technical services with the skills and capacities needed to support its provincial and local representation.
- Local government must be resourced and enabled to function effectively so that it can assure rule of law and good governance. Local government actors must be rationalized in the first instance and then paid regularly as a first critical step towards reduced corruption.
- Practical modalities must be established for the enactment of the future decentralization law, which will see the country divided up into 26 provinces in accordance with the Constitution approved in a referendum by the Congolese people, and promulgated on February 18, 2006.
- A national implementation plan to ensure that taxes and royalty revenues are distributed back to the province and its territories accordingly is required. The Constitution stipulates that 60% of revenues are destined for the central government and 40% for the 26 provinces. The provinces, in turn, retrocede 15% to the administrative territories from where revenues are generated.

Government and civil society capacity must be reinforced to enable them to responsibly allocate the revenue and royalties received by the state.

- National and provincial government must direct and guide responsible policies for the mining sector (including ASM), economic development and good governance.
- Mechanisms to resolve competing land and resource claims must be established.
- Commodity prices will directly impact the amount of foreign direct investment, levels of job creation, and the amount of taxable revenue produced.
- Royalty retrocession, which is legally mandated, but which has not occurred because of the lack of an appropriate mechanism, could also potentially provide a huge source of funding for social infrastructure.
- The current review of mining contracts is also a critical factor impacting the availability of funding for social development. If the process is viewed as flawed and corrupt, this will undermine foreign investors' confidence and slow down the growth of the sector, resulting in lower levels of revenue generated through taxes and royalties. If local stakeholders perceive the process or results to be inequitable, this will stimulate on-going conflicts with mining companies. If the process is viewed by the mining companies and investors as too harsh and failing to recognize corporate social investment efforts, voluntary funds from mining companies may reduce. On the other hand, if the process results in "win-win" generating more accountability and revenue for the Congolese people and more security for foreign investment, it can greatly promote success.
- The availability of funding from international bi and multilateral-donors will be critical to the development of the area. Major international donors are committed to continued support of the Congo. The UK's Department for International Development (DFID) is currently developing a program to support the governance of the mining sector, artisanal mining and the development of public-private partnerships. The United States Agency for International Development (USAID) has already provided significant funding and leadership in this area.

### **3.5. Year One (2008) Activity Proposal**

The activities presented in the following section were identified through the research and consultation carried out in this project. The list is not exhaustive, but is representational of the key areas of intervention and activities. These include: technical training; small business development; agricultural development; high-intensity manual labor; artisanal and small-scale mining-specific activities; interventions targeting women and children; and governance-level activities.

The total estimated cost of the proposed activities for Year One (2008) is US\$ 7,375,000. This does not include the costs of infrastructure projects. All costs included in the report are estimates. Should specific activities be selected for implementation, detailed budget analysis will be necessary. This is especially the case due to the rate of inflation in Katanga province. While Pact has not done a proper economic analysis of inflation, our core costs, such as rentals for office space, housing, etc, have increased in some cases by 400% over the last three years. The inflationary pressure on mining companies, such as Freeport-McMoRan, has also been documented in the international media.

The estimates are based on Pact's own experience with project implementation, as well as analysis carried out by consultants contracted by this project.

With respect to the specific activities listed above, the price estimates depend on the scope and scale of the intervention and costs can be revised upward or downward accordingly. These cost estimates include estimates of management costs; “programmatic” costs such as training, equipment, workshops, etc.; and costs of facilities, such as office space, utilities, guards, etc.

The proposed activities form part of a multi-year vision for development and are intended to be the foundation for a long-term development plan. All activity streams will be important over the medium to long term. Table 3 on the following page provides a description of key milestones for 2008-2010.

Activities are presented in tables in the following section. The table includes the following headings:

- Activity;
- Beneficiaries, broken into two categories, artisanal miners “ASM” and general community members “Com”;
- Partners and Stakeholders, which includes groups that could be responsible for activity implementation;
- Donor, which is broken into three categories: “D” which refers to international bi and multi-lateral donors; “C”, which refers to companies; and “G” which refers to the Congolese government.
- Cost, which is an estimate based on research and previous project implementation in Katanga.

Highlighted cells indicate activities that are essential steps towards building a base for future investment in that particular area of activity, hence these are long-term impact activities.

**Table 3: STRATEGY & MILESTONES 2008-2010**

	Year 1 (2008)	Year 2 (2009)	Year 3 (2010)
Annual strategic focus	Focus on immediate, tangible transition alternatives for large percentage of artisanal miners on mining concessions Achievement of high-impact, visible results to develop confidence & momentum	Consolidation of economic growth factors & mechanisms including strengthening of business environment & resources Focus on government capacity building Increased financial commitment by government	Collaborative efforts further integrated into national/provincial development plans Local government taking a lead role and contributing increased financial resources to activities
Training to enable access to employment	Focus on apprenticeships & training Identification & development of training facilities and support mechanisms	Shift from short-term interventions to more institutionalized, formal and professional training & employment opportunities	Significant increase in local hire versus expatriates by mining companies
Develop SMMEs to supply the formal mining sector	Strengthen existing business activities Establish business technical & financial support mechanisms & resources	Introduction of support to select medium-scale & commercial economic activities Expand & strengthen business support mechanisms	Increase in service industries (not just supplier businesses)
Agricultural activities and alt. livelihoods	Support to large numbers of small-scale economic activities Focus on marketing mechanisms for harvest	Introduction of support to select medium-scale & commercial economic activities Expansion of markets	Focus on development of local businesses for transformation of products and value-addition
Dev. infrastructure using HIMO	1 HIMO project	2 HIMO projects	2 HIMO projects
Development of a legal and regulated ASM sector	Focus on training for artisanal miners, SAESSCAM, associations, other actors Focus on emergency interventions, conflict reduction, legal issues, illegal trading 1 legal & regulated artisanal mining area	Focus on small-scale mining sites, training, business support, etc. Increased levels & transparency of fiscal return from ASM to the government 2 legal & regulated artisanal mining areas	Expansion of small-scale mining activities & support mechanisms Evaluation, development of case studies, replication of interventions elsewhere 2 legal & regulated artisanal mining areas
Support to vulnerable groups	Pilot WORTH for Women Miners Address GBV and health-related issues through partnership with local NGOs and Government Start-up of Child Miners Prevention Program	Assess WORTH pilot, refine & expand Continue partnership approached towards GBV and health Next stage of Child Miners Program	Evaluation of programs Establish on-going support & follow-up mechanisms including linkage with other programs
Support to improve governance and rule of law	Support activities to improve small-business enabling environment Develop long-term capacity building training program for local public servants	Link transparency, royalties and social development issues with Provincial initiative and mechanism Focus on local government training program	Focus on local government training program Evaluation of training program and lessons-learned Consolidate local-provincial link on governance
Management, structure, communications	Trial & refine the management & co-ordination mechanisms for the collaborative initiative Identify & engage partners Implementation of communications plan to disseminate activities & results Plan Year 2 activities	Dissemination of year 1 results to solicit further donors & partners to participate Plan Year 3 activities	Evaluation and dissemination of lessons learned Replication of the model elsewhere

### 3.5.1. Training to Enable Access to Employment

Skilled labor is vital to the success of the formal mining sector in Katanga. New mining operations require highly technical skills. The Congolese workforce currently lacks many of these skills, and as a result skilled labor has to be brought in from other countries. Historically, the Mutoshi Institute produced skilled workers for Katanga's mines. Restoration of the Mutoshi Institute can help ensure that these positions are accessible to local workers.

In early 2007, KOL and the Forrest Group funded an assessment of the Institute. Using the results of the assessment, a partnership among companies and the relevant government education and mining entities can be established to guide the rehabilitation of the institute. The companies will provide advice regarding specific technical curriculum to be developed, to ensure that students receive the necessary training to fill the new jobs. The partnership will also establish a mechanism for financial support for education and training.

Training at a rehabilitated Mutoshi Institute would be technical and mining specific. In addition to these skills, the studies identified the need for trained plumbers, electricians, welders, chauffeurs, blacksmiths, furniture makers, carpenters, cooks, house cleaners, gardeners, IT technicians, mechanics, mining equipment operators, & specialized trades. Training programs will be established to provide a stream of men and women with these skills. In order to place these individuals in jobs, an apprenticeship program could be developed, as well as an employment agency to serve as an intermediary to match the supply and demand in the labor market

#### Strategy & Milestones:

**Year One (2008):** Focus on apprenticeships & training; Identification & development of training facilities and support mechanisms

**Year Two (2009):** Shift from short-term interventions to more institutionalized, formal and professional training & employment opportunities

**Year Three (2010):** Significant increase in local hire versus expatriates by mining companies

**Table 4: Year One (2008) Training & Apprenticeship Activities**

Activity	Beneficiaries		Partners & Stakeholders	Donor			Est Cost
	Com	ASM		G	D	C	
Rehabilitation of the Mutoshi Institute	65	35	Gécamines; mining companies; Ministry of Education; University of Lubumbashi; & other universities	Y	Y	Y	\$ 475,000
Establish mechanisms for financial support for education & training		-		Y	Y	Y	\$ 30,000
Establish employment agency				-	Y	Y	\$ 125,000
Training for Plumbers	60	30	Institute Mutoshi	Y	-	Y	\$ 30,000
Training for Electricians	60	30	Institute Mutoshi	Y	-	Y	\$ 30,000
Training for Welders	60	30	Institute Mutoshi	Y	-	Y	\$ 30,000
Training for Chauffeurs	120	60	Institute Mutoshi	Y	-	Y	\$ 30,000
Training for Blacksmiths	20	10	Institute Mutoshi	Y	-	Y	\$ 40,000
Training for Furniture	20	10	Institute Mutoshi	Y	-	Y	\$ 30,000

Makers							
Training for Carpenters	13	7	INPP/ Cité de Jeune	Y	-	Y	\$ 30,000
Training for Cooks, House Cleaners, Gardeners	600	300	Institute Mutoshi	Y	-	Y	\$ 65,000
Training for IT technicians	30	15	TBD	Y	-	Y	\$ 30,000
Training for Mechanics	40	20	Institute Mutoshi	Y	-	Y	\$ 30,000
Training for mining equipment operators & specialized trades	50	50	TBD	Y	-	Y	\$ 30,000
Training for others			TBD				\$ 30,000
Establish apprenticeship fund		-		Y	Y	Y	\$ 500,000
Apprenticeship in auto repair		17	Local garage	Y	Y	Y	\$ 30,000
Apprenticeship in carpentry		10	2 local carpentry workshops	Y	Y	Y	\$ 30,000
Apprenticeship in masonry		20	3 local masons	Y	Y	Y	\$ 30,000
Apprenticeship in painting & plumbing		13	2 local painters & plumbers	Y	Y	Y	\$ 30,000
Apprenticeship in sewing		13	Local seamstresses	Y	Y	Y	\$ 30,000
Subtotal							\$1,685,000

### 3.5.2. Small Business Development

While there are opportunities for employment directly with mining companies and supplier companies in Kolwezi, small business development is fundamental to the development of the local economy. There are many opportunities available for entrepreneurs including: brick making, gravel making, safety equipment store, machine shops, cleaning services, IT support businesses, restaurants, bakeries.

In order to provide support and training to individuals with the desire to establish their own business, a business incubation center will be established. The center will provide training on skills essential to the successful operation of a business, and will offer specialized follow-up training with the entrepreneurs who have specific needs. Training will emphasis sustainability and provide assistance to entrepreneurs in developing business plans that strategically reduce dependence on the mining sector.

It should be stressed that the business activities described here are basic, Year 1 activities only. The development of more complex businesses and services will be objectives in the following years when a base of skills development and business support resources have been mobilized. One of the key activities in Year 1 will be to undertake a comprehensive supply chain analysis in the mining sector to identify “higher-end” business needs and opportunities.

In terms of market demand, research shows that in Lubumbashi and the surround areas there is significant demand for goods that could be provided by small and micro enterprises. Three primary market segments exist:

- Large consumers: mining companies, civil engineering companies, etc.
- Medium-sized consumers: contractors, resellers
- Small consumers: private builders

A conservative estimate of the aggregate demand from these three market segments is as follows: 30,000m<sup>3</sup> of gravel per month (road building and repairs, construction of Grand Loano center and many other civil engineering works); Bricks: 1,000 bricks per day or 30,000 per month for private houses construction and schools; granite and roof tiles: 60,000 per month for housing construction.

### Strategy & Milestones:

**Year One (2008):** Strengthen existing business activities; Establish business technical & financial support mechanisms and resources.

**Year Two (2009):** Introduction of support to select medium-scale & commercial economic activities; expand and strengthen business support mechanisms.

**Year Three (2010):** Increase in service industries (not just supplier businesses).

**Table 5: Year One (2008) Small Business Development Activities**

Activity	Beneficiaries		Partners & Stakeholders	Donor			Est. Cost
	Com	ASM		G	D	C	
Establish a business incubation center & support mechanisms				-	Y	Y	\$ 600,000
Cary out a supply chain analysis for “higher-end” business needs & opportunities in Years 2 & 3							\$40,000
Brick making		400		-	-	Y	\$ 300,000
Rock crushers		150		-	-	Y	\$ 400,000
Cleaning services	4	26	2 businesses	-	-	Y	\$ 50,000
IT support businesses	10	0	2 businesses	-	-	Y	\$ 50,000
Safety equipment store	10	0		-	-	Y	\$ 80,000
Machine shops	2 employing existing staff		Institute Mutoshi & SNCC	-	-	Y	\$ 80,000
Micro-businesses e.g. hair salon, restaurants, bakeries, etc	20	20		Y	Y	N	\$ 200,000
Garbage collection & disposal	0	100	Local business	Y	Y	Y	\$ 100,000
Subtotal							\$ 1,860,000

### 3.5.3. Agriculture & Livestock Activities

Fundamental to the revival of agriculture for food security and commerce in the DRC is agricultural extension services. An extension agency that would integrate the abilities of government, the private sector (as both an implementer and consumer of agriculture) and the NGO sector could be organized to promote increased productivity and new crops and products. Agricultural and livestock production activities will focus on training, as well as providing reliable sources of the necessary inputs, such as seeds through seed multiplication techniques and agri-credit, not grants to farmers. The agricultural study recommends starting agricultural activities with approximately 450 individuals. The timing of these interventions will depend upon the seasons. The agricultural report in the annex includes a detailed calendar for intervention.

### Strategy & Milestones

**Year One (2008):** Support to large numbers of small-scale economic activities and focus on marketing mechanisms for harvest.

**Year Two (2009):** Introduction of support to select medium-scale and commercial economic activities and expansion of markets.

**Year Three (2010):** Focus on development of local businesses for transformation of products and value-addition.

**Table 6: Year One (2008) Agricultural Activities**

Activity	Beneficiaries		Partners & Stakeholders	Donor			Est. Cost
	Com	ASM		G	D	C	
Create Ag Extension Agency <sup>4</sup>			Government, private, NGOs	Y	Y	Y	\$ 500,000
Small-scale annual crop farming & seed multiplication	100	200	Local communities & farmers Inspector for Agriculture SAESSCAM	Y	Y	Y	\$ 75,000
Small-scale vegetable farming & seed multiplication	50	100	Local communities & farmers Department of Agriculture SAESSCAM	Y	Y	Y	\$ 75,000
Fish farming	5	10	Department of Agriculture Specialist consultants	Y	Y	Y	\$ 175,000
Fish feed production	5		Department of Agriculture Specialist consultants	Y	Y	Y	\$ 50,000
Poultry breed improvement	40	60	Local communities & farmers Department of Agriculture	Y	Y	Y	\$ 60,000
Pig production			Local communities & farmers Department of Agriculture	Y	Y	Y	\$ 50,000
Animal traction	5	0	Local communities & farmers Department of Agriculture Lukotola Mission UNICEF	Y	Y	Y	\$ 50,000
Establish fruit tree nurseries	10	5	Local communities & farmers Department of Agriculture	Y	Y	Y	\$ 20,000
Establish jatropha plantations			Local communities & farmers Department of Agriculture Specialist consultants	Y	Y	Y	\$ 80,000
Biomin (or other fertilizer production) pilot	0	10	Specialist consultants	Y	Y	Y	\$ 40,000
Agricultural storage facilities		-	Local communities & farmers Local contractors	Y	Y	N	\$ 200,000
Agricultural tool workshop & sales	10	10	Established business	Y	Y	N	\$ 40,000
Subtotal							\$ 915,000

#### 3.5.4. High Intensity Manual Labor

The poor condition of infrastructure was identified by both several reports as a significant limiting factor in the development of the economy in Kolwezi. It not only limits the exploitation of the mineral resources, but also the development of the agricultural sector. There are a number of infrastructure projects that could potentially use high intensity manual labor. These projects could employ artisanal miners, and community members that live along the roads under construction.

<sup>4</sup> Under an economic development project previously funded by USAID, Pact developed a model farm. Since the close of the project, we completed an analysis of the cost to scale up the model farm to begin to meet the needs of the market in Lubumbashi and Kolwezi. \$500,000 was the minimum necessary for this project.

These projects do present logistical obstacles however, as workers will need to be transported to and from site, as well as questions regarding who will finance them, and who will be responsible for their upkeep.

The costs presented in the following table are rough estimates. Management costs have been estimated at 15% of project cost and are listed in the “Management Cost” column. The costs included in the “Infrastructure” column represent expected material costs. Mintek, SNCC, SNEL, UNOPS provide data and estimates.

### Strategy & Milestones

**Year One (2008):** One HIMO Project

**Year Two (2009):** Two HIMO Projects

**Year Three (2010):** Two HIMO Projects

**Table 7: Year One (2008) HIMO Activities**

Activity	Beneficiaries		Partners & Stakeholders	Donor			Infrastructure	Manag. Cost
	Com	ASM		G	D	C		
Feeder roads to agricultural projects identified above	2,500	1,700	Local government UNOPS? Companies (Bazano, etc)	Y	Y	Y	Kolwezi-Mpala (45km) Kolwezi-Mushima (65km) Kolwezi-Mutanda (20km) Cost: \$840,000	\$126,000
Road rehabilitation	5,000	5,000	Local government Provincial Ministry Infrastructure UNOPS? Companies (Bazano, Forrest, etc)	Y	Y	Y	230 km <sup>5</sup> Cost: \$7 million	\$ 30,000
Railway rehabilitation	2,500	2,500	Local government Chinese project? SNCC	Y	Y	Y	Cost: \$380,000/km <sup>6</sup>	\$ 57,000 /km
Bridge improvement (to raise the 40T weight limit)	25	25	Local government	Y	Y	Y	Cost: \$1 million	\$150,000
Water System	250	100	Local government REGIDESO	Y	Y	Y	Improve capacity & distribution. Cost: \$1.8 million	\$270,000
Electricity upgrading	30	20	Local government SNEL	Y	Y	Y	10 new transformers & underground cabling Cost: \$4 million	\$600,000
Sewage (latrine upgrade)	20 person per 6 latrines per month		Department of Hygiene	Y	Y	Y	Cost: \$ 2,500/latrines	\$ 375/ Latrine
Public Market (Grande Marche)	50	20	Local government	Y	Y	Y	Cost: \$ 200,000	\$ 50,000
Drainage System	50/Km		Local government	Y	Y	Y	\$ 25,000 /km	\$ 3,750 /km

Rehab								
Road rehabilitation, maintenance	700	700	Local government Local contractor	Y	Y	Y	28 km of city street 50 persons/km; Cost: \$100,000/km	\$ 15,000 /km
Improvement to Airport Runway	200	100	Local government	Y	Y	Y	Lengthen runway to accommodate 737's; Cost: \$ 400,000	\$ 40,000
Subtotal							n/a	n/a

### 3.5.5. Development of the artisanal and small-scale mining sector

Year One activities for ASM will focus on developing the capacity of SAESSCAM and other stakeholders such as co-operatives directly involved in the sector along with dissemination of the mining law. Emphasis will be placed on identification of sites for legal, regulated ASM, including the development of an artisanal mining zone. Foundation activities for the future support of business development in small-scale mining will also be key.

#### Strategy & Milestones

**Year One (2008):** Focus on training for artisanal miners, SAESSCAM, associations, other actors; Focus on emergency interventions, conflict reduction, legal issues, illegal trading; and develop 1 legal & regulated artisanal mining area.

**Year Two (2009):** Focus on small-scale mining sites, training, business support, etc; increased levels & transparency of fiscal return from ASM to the government; and 2 legal & regulated artisanal mining areas.

**Year Three (2010):** Expansion of small-scale mining activities & support mechanisms; evaluation, development of case studies, replication of interventions elsewhere; and 2 legal & regulated artisanal mining areas.

**Table 8: Year One Artisanal and small-scale mining activities**

Activity	Beneficiaries		Partners & Stakeholders	Donor			Est. Cost
	Com	ASM		G	D	C	
Exploration and delineation of ASM sites, creation of artisanal mining zones		500 employed in zone	Ministry of Mines SAESSCAM CAMI EMAK & CMKK ILO TF MIRECA Companies	Y	Y	N	\$ 250,000
Extension & expansion of SAESSCAM training & equipment program		100 agents trained, equipment provided	SAESSCAM ILO Companies	Y	Y	N	\$ 150,000
Dissemination of Mining Code, Mining Regulations, <i>ASM Code de Conduit</i>	1,000	2,000	Ministry of Mines SAESSCAM EMAK & CMKK ILO Companies	Y	Y	N	\$ 50,000
Support development of the Small-scale mining	2	8	Ministry of Mines SAESSCAM	Y	Y	N	\$ 250,000

sector			Companies FEC South African govt.				
Program for the development, training, enabling legislation and management of co-operatives & associations	100 reps trained		Ministry of Mines Ministry of Labor SAESSCAM EMAK & CMKK ILO Solidarity Centre Advocacy NGOs	Y	Y	N	\$ 100,000
Subtotal							\$ 800,000

### 3.5.6. Support to Vulnerable groups including women and children

Activities will focus on training teachers, community members and the public in general around the realities and dangers of children working in the mines. Child leadership will be important, as will assuring that all actors take responsibility and place their role. In addition a variety of initiatives will be undertaken in order to provide positive alternative activities after school and on the weekends. A WORTH project will also be undertaken with female artisanal miners. This program will provide literacy and business skills training, enabling women to explore alternative livelihoods.

#### Strategy & Milestones

**Year One (2008):** Pilot WORTH for Women Miners, support GBV and health issues, and start-up of Child Miners Prevention Program.

**Year Two (2009):** Assess WORTH pilot, refine & expand; continue partnership support towards GBV and health; and launch next stage of Child Miners Program.

**Year Three (2010):** Evaluation of programs; and establish on-going support & follow-up mechanisms including linkage with other programs.

**Table 9: Year One Vulnerable Groups Activities**

Activity	Beneficiaries	Partners & Stakeholders	Donor			Est. Cost
			G	D	C	
Economic support to pilot group of families	300 child miners & their families	Division de Famille; Local Authorities; Min.Education; Min.Youth; CNOS; HDW; Groupe One	N	Y	-	\$ 250,000
Training of Trainers and training program	100 agents	Division de Famille; Local Authorities; Min.Education; Min.Youth; CNOS; HDW	Y	Y	-	\$ 50,000
After school and holiday activities	200 children	Division de Famille; Local Authorities; Min.Education; Min.Youth; Centre Sociale de Manika, Centre Tugenga	Y	Y	-	\$ 50,000
Income-generating activities and technical skills training	300 youth miners	Division de Famille; Local Authorities; Min.Education; Min.Youth	-	Y	Y	\$ 300,000
School construction and feeding program	720 child miners	Division de Famille; Local Authorities; Min.Education; Min.Youth; Unicef; World Vision	Y	Y	Y	\$ 600,000

Support parent-school relationships	200 parents of child miners	Division de Famille; Local Authorities; Min.Education; Min.Youth; CNOS; HDW	Y	Y	-	\$ 40,000
School teacher Training	200 teachers	Division de Famille; Local Authorities; Min.Education; Min.Youth; CNOS; HDW	Y	Y	-	\$40,000
Family re-integration	50 child miners & their families	Division de Famille; Local Authorities; Min.Education; Min.Youth	Y	Y	-	\$ 20,000
Children solidarity/lobby group	100 children	Division de Famille; Local Authorities; Min.Education; Min.Youth	Y	Y	Y	\$ 20,000
Public awareness campaign for child labor-free mining sector		Division de Famille; Local Authorities; Min.Education, Min.Youth; Groupe One; Solidarity Center; Save the Children UK; MONUC Child Protection Unit	Y	Y	Y	\$ 25,000
Economic Development (WORTH) for women miners	150 women artisanal miners	Division de Famille; Local Authorities; Min.Education; Min.Youth; Pact Region	-	Y	-	\$ 230,000
GBV and health		Zone de Sante; Division de Famille; ASADHO; Women's Action Network	-	Y	-	100,000
Subtotal						\$ 1,725,000

### 3.5.7. Governance

Governance activities will focus on building the capacity of government institutions to create the enabling environment for the proposed plan. Additionally, a study is proposed to look specifically at the issue of revenue and royalty management. Finally, the development of an anti-fraud unit to enforce the Mining Code and other relevant legislation is proposed.

#### Strategy & Milestones

**Year One (2008):** Support activities to improve small-business enabling environment; and develop long-term capacity building training program for local public servants.

**Year Two (2009):** Link transparency, royalties and social development issues with Provincial initiative and mechanism; focus on local government training program.

**Year Three (2010):** Focus on local government training program; evaluation of training program and lessons-learned; and consolidate local-provincial link on governance.

**Table 10: Year One Governance and rule of law activities**

Activity	Beneficiaries	Partners & Stakeholders	Donor			Est. Cost
			G	D	C	
ASM Platform with conflict resolution capacity	Unlimited	Mining companies Gécamines Authorities Civil society Creuseurs	Y	Y	Y	\$ 130,000

		Cooperatives				
Address agricultural and animal breeding licensing structure	-	Local Government FEC Ministry of Agriculture	Y	Y	N	\$ 20,000
Study on local government revenue institutions & structure, including rationalizing public payroll and budget and control systems for payment of salaries to all public officials	-	Local Government SNV	-	Y	N	\$ 200,000
Establish a local government training program	50 civil servants	Local Government Pact programs worldwide GTZ SNV	Y	Y	-	\$ 20,000
Support establishment of appropriate fees and admin for local markets	-	Local Government FEC	Y	Y	N	\$ 40,000
Police training in transparency and human rights	-	Local Government Police Civil society and NGOs	Y	Y	N	\$ 80,000
Subtotal						\$ 490,000

### 3.6 Stakeholder Feedback

Consultation sessions were held with the following actors in Lubumbashi: the Governor of Katanga Province, the Minister of Infrastructure and Planning, the Minister of Agriculture, ECOCRIM and the International Labor Organisation (ILO).

Consultation sessions were held with the following actors in Kolwezi: The Mayor, the Bourgemeistre for Dilala and Manika, the Director General of Gécamines, EMAK, CMKK, SAESSCAM, and a group of civil society actors.

#### *Provincial Government*

Exchange with the Ministry of Infrastructure and Planning, the Ministry of Agriculture, and the Governor for Katanga were held in Lubumbashi. These meetings produced the following written and verbal feedback to the proposed plan:

Key feedback:

- The Governor stressed the importance of small-scale mining development and improvement of working conditions of artisan miners across the Province;
- The Governor welcomed the initiative to create a synergy between difference actors (companies, donors, Government, and communities);
- The Governor asked Pact to consider increasing the proposed budget for 2008 to 10M Usd;
- The Minister for Infrastructure and Planning submitted a written response to the documents that highlighted the following: 1) a thorough contextual analysis of the problems facing Kolwezi and the drive as a result towards unregulated artisan mining in the area; 2) the importance of

addressing the structural problems related to the illegal artisan mining sector, namely unemployment and the governance framework that has allowed for unregulated activities; 3) an appreciation of the efforts proposed by Pact Congo to gather Government and other actors around a common set of priorities; 4) an approval of the use of high-intensity manual labor in specific contexts; and 5) a set of criteria for a transition that includes fair wages and remunerations, promotion of small-businesses, promotion of safe and regulated small-scale mining, and social transformation through training in civic education.

- The Minister of Agriculture provided the following feedback in a meeting with Pact: 1) domain of agriculture needs to be integrated with other issues such as environmentally sound practice and social awareness on HIV/Aids; 2) the Project must take into account the eventual decentralized nature of power in the Province and the consequences on working with local communities and local Government that will be far more autonomous than currently. This will be particularly relevant as the Project seeks to align itself to local planning at the urban level; 3) the Project should look ahead to mechanization of the agricultural sector; 4) support towards this sector should also include the challenges of conserving products and increasing their value through secondary processing; 5) in terms of animal husbandry, will the Project be looking to develop stock breeding in Katanga?; 6) how does the Project aim to compete with the prices of imported goods from Zambia and South Africa? The current small-scale sector cannot compete efficiently.

In November 2007, Pact received an official letter from the Ministry of Mines in which a Monitoring Committee for the next phase of the Kolwezi Transition Project had been established. This Committee will be the Project's key interlocutor on future activities and monitoring of the Project's evolution.

### ***Local Government in Kolwezi***

Exchange with the Government in Kolwezi (Mayor and Bourgemeistres) solicited feedback on identification of social development priorities, technical and financial participation of government counterparts in the implementation of the proposed road map, and mechanisms for conflict resolution that would build on the Mayor's current "*Cadre de Concertation*" for artisanal mining issues.

Key feedback:

- All authorities welcomed the initiative to properly align and mainstream a concerted development plan for Kolwezi.
- All authorities recognized the work to date done by various mining companies and NGOs in the area of social development.
- The Mayor stressed the importance of artisanal zones around the Kolwezi area being properly set up and functioning. He recognized the current weaknesses facing cooperatives to effectively register and represent artisanal miners and welcomed capacity building initiatives seeking to strengthen their mandate. He appreciated the recognition of the *Cadre de Concertation's*, a committee set up by the local government to address ASM issues, role in resolving and mitigating conflicts in Kolwezi to date. He remained open to reviewing the *Cadre de Concertation's* structure and function in order to improve its capacity to respond to, and resolve, conflicts facing the mining sector in Kolwezi. He spoke at length of the challenges local government is

facing concerning royalty and revenue retrocession. Above and beyond even planning for their expenditure, local authorities are more concerned about whether or not they will even reach the territorial and district levels. He welcomed opportunities to collaborate with other actors to ensure their transparency in terms of planning and implementation.

- The Bourgemeistres offered the assistance of their technical teams to properly align the road map's priority activities with those already identified by the Communes of Dilala and Manika through their development committees and local authorities. They stressed the importance of education, health and infrastructure to the overall economic development of Kolwezi. They recognized the role that mining companies were actively playing in the social development agenda and stressed that their participation would continue to be critical to overall growth and prosperity of the city. They stressed the central coordination role of government in the proposed road map.

### ***Gécamines***

Exchange with Gécamines solicited feedback particularly on the Mutoshi Institute and mechanisms for conflict resolution of artisanal mining issues.

Key feedback:

- Gécamines welcomed the initiative made by the project and the proposed road map.
- The Executive Director of Gécamines in Kolwezi, requested more time to review the documents and submit his comments in writing.

Exchange with EMAK, CMKK and SAESSCAM solicited feedback on the proposed capacity building training program proposed for cooperatives and technical bodies of the Government concerned with artisanal mining. All three institutions identified with the activities listed in the artisan mining stream and appreciated their relevance to the key priorities identified on the ground in Kolwezi. All three institutions expressed their willingness to participate in the plan's implementation.

### ***Civil Society***

Exchange with civil society actors solicited overall reactions to the proposed road map. Further small businesses, agricultural initiatives and supplier businesses were identified that could benefit both communities and the mining companies. Actors stressed the importance of involving civil society in the design and implementation of the activities for sustainability. Their future participation in the road map's implementation on aspects related to transparency of revenues, good governance, conflict resolution and human rights monitoring is critical.

### ***Companies***

A consultation session was held on October 25<sup>th</sup> with Anvil, KOL and DCP in Kolwezi to comment on the initial proposed road map.

Key feedback:

- Vision and strategy- Companies supported the proposed vision and strategy. However, they felt that the timeframe may be too short for the activities and milestones envisaged. A longer timeframe of 5-10 years would be more appropriate to ensure proper delivery of the results.

- Management of the plan- Companies wished to see a more detailed management structure proposed. They welcomed the equitable participation of government, donors, mining companies and civil society in managing the road map. In the interim before a more concrete structure is put forward, a steering committee could be proposed, coordinated by Pact. Alignment of government priorities and the proposed activities was recognized as critical.
- Implementation of the plan- Companies desire a diversity of actors implementing activities and foresaw a role by Pact in soliciting a diverse range of participants for implementation.
- Government participation- Companies encouraged the participation of the government both in financial and management terms. They agreed with a strategy of reduced mining company participation and a subsequent increased government participation over the period proposed.
- Activity prioritization- Activity prioritization would be difficult to make given the vast amount of needs for Kolwezi itself. A balance would need to be sought between attention towards an immediate artisanal miner problem and the long-term growth and social development of Kolwezi. In addition, the prioritization of activities should consider bi-lateral donor interest in particular sectors such as education, HIV/Aids, health. Companies recognized the most challenging aspect of the plan to be within the sector of good governance and encouraged Pact to play a lead role in areas of transparency, resource revenue planning, and retrocession of royalties and taxes.
- Donor participation- Companies expect to receive a strong match of donor support towards the road map and hope that Pact or someone like Pact can play a lead role in securing this funding. For the large infrastructure projects, the companies envisage a 20-80 split between mining companies and donors to promote higher levels of donor contribution (World Bank, the Government of the DRC and foreign governments), where as their contribution more broadly to social and economic development would be much higher.