

ASM and Economic Crisis: understand the impacts of the global economic crisis on artisanal miners



To better understand how the boom and bust cycle of commodity prices impacts artisanal miners, Pact completed a survey of artisanal miners in August 2009 in Kolwezi, Katanga Province, DRC. The survey included two hundred and fifty diggers. Seventy per cent were men, sixty per cent of which had been in the mines for 3-5 years. Fifty-seven per cent of the miners were skilled professionals, and seventy-five per cent had at least a secondary level education.

The Boom

Prior to the collapse of the commodity market, there were approximately 30,000 artisanal miners in Kolwezi earning up to US\$ 10 per day. The artisanal miners worked primarily on abandoned industrial sites, and mined copper and cobalt. Demand for the minerals was strong. In Kolwezi alone, there were representatives from Congolese (independent & State), Lebanese, Australian, and Chinese companies paying up to \$40 per 100Kg sack of 20% copper. Money flowed from buyers to the artisanal miners and on through the local economy as the artisanal miners purchased goods and services in town. Kolwezi was a boom town.

The Bust

In the second half of 2008, as the economic crisis deepened and spread across the globe, the informal, ASM-fueled economy of Kolwezi was not spared. Demand for copper all but evaporated, leaving only two buyers in town who paid less than \$1 per sack of copper. Miners' daily take-home pay dropped to less than US\$ 2.50 per day. The lack of demand for minerals and the low prices on offer forced artisanal miners to find other ways to make ends meet. Agriculture was the most common fallback livelihood. Other miners got jobs in trading, and other miscellaneous livelihoods.

The economic crisis impacted the town beyond the direct impact it had on the artisanal miners. Kolwezi, which is situated between a number of old industrial mines, is fully reliant on the mining sector, big and small. The collapse in the commodity prices caused large-scale mining companies, who in the previous several years had re-entered Kolwezi to redevelop its old, brownfield mines, to shut down operations. This resulted in a complete halt to social development funding provide by those

companies, and an important financial source in the area, as well as dramatically reducing the money that the companies were putting into the local economy for locally-sourced goods and services. What's more, a significant portion of the economy was supported by the provision of goods and services to the artisanal miners. These shops owners and purveyors of small goods were forced to shut down operations as well.

The Cycle Starts Again

In the year since commodity prices hit their 2008 lows, prices have started to climb again. Earnings (US\$6-7 per day) are approaching their pre-crisis levels and the number of artisanal miners has actually exceeded its 2008 high with the ASM population now in the region of 45,000. Artisanal miners are returning for a number of reasons, primarily economic. Quite simply, the money they

can make in artisanal mining, even with these lower prices, is better than what they can make in other activities. There is also the factor that, as large-scale mining companies have been slow to return to operation, high-grade sites are empty and accessible, providing a further enticement to return to ASM. In addition miners, who had to leave Kolwezi to find work during the bust have returned to the mines in order to be closer to home.

If mining had not started again, would the artisanal miners have stayed in their temporary alternatives? The answer was a resounding 'yes', but with a caveat. Sixty-eight per cent of the miners surveyed said they would prefer an agriculture-related livelihood to artisanal mining, but only if the pay levels were comparable. Sixteen per cent of those surveyed know people who left during the crisis did not restart mining as they had found a viable and preferable alternative.