

SUMMARY AND KEY FINDINGS

This study focuses on the mining economy which is inextricably linked to other sectors. The constraints faced are often the same as those impeding agricultural development: accessibility, transport and security. At the bottom mining is part of a multiple activity system inherent in survival economies (several simultaneous occupations) and based on a complementary division of labour between women and men. As a result, a holistic approach integrating social, spatial, and political dimensions is crucial for analysing the mining economy.

This approach is even more essential for the Kivu which is emerging from a long troubled period marked by a succession of conflicts, followed by a four-year transitional phase involving various local powers and only the recent withdrawal of Rwandan and Ugandan troops. Transition in this particular border area is more complex than anywhere else in the DRC. It is not surprising that Kinshasa is still facing resistance and has difficulties asserting its legitimacy here. These years of crisis have had a strong impact on the regional economy. The UN experts' panel reports have highlighted the extent to which Kivu has suffered from looting. Much attention was given to the climax symbolised by coltan fever, but the underlying structural factors behind difficulties were not sufficiently taken into account. Analysis from different perspectives and at different levels helps to understand the mining sector.

At the international level, prices of raw materials are set in markets dominated by developed countries: the London Metals Exchange, for instance, sets the price of tantalum and consequently of colombite-tantalite, the raw material. Neither the DRC nor Rwanda has any leverage on export prices which depend on world supply and demand. The collapse of tin prices, for example, destroyed industrial mining in this area. Informal, artisanal mining activities were built on former industrial or semi-industrial mines. The "coltan fever" was just a passing affliction. It illustrated perfectly the cycle of dependency which has kept mine workers from escaping absolute poverty.

Analysis of the national level highlights major differences between the DRC and Rwanda. In Rwanda, space is limited and people are closely supervised by local government. Rapid population growth (due to the lack of a family planning policy) threatens the regional demographic balance in the medium and long term. With few natural resources, Rwanda benefits from its position as a transit country. The DRC, although the "eldorado" dream has faded, does have abundant mineral resources, but extraction is limited by various constraints: deteriorated transport infrastructure, weak governance and corruption, the so called 'Zairian disease'.

Located at the eastern edge of the DRC, Kivu is one of the most problematic areas of Central Africa. Successive waves of migration from Rwanda have exacerbated the relations between "natives" and "foreigners". The issue of granting Congolese nationality to people of Rwandan descent is a "time bomb". The way in which electoral roles will be handled for elections scheduled in 2005 is critical to the region's future.

Another cause of concern is FDLR soldiers and uncontrolled armed groups who from the Kivu forests continue to fuel insecurity in the region. Moreover, hopes for sustainable peace are undermined by the reticence of RCD-Goma soldiers, in particular those from the Banyamulenge, to integrate into the new Congolese army.

The regional context is crucial. Cross-border networks between Hutus and Tutsis could play a very positive role in favouring cross-border enterprises; they could also heighten regional tensions. Managing cross-border ethnic alliances and rivalries will always be a challenge for politicians. In comparison to the landlocked states along the Nile-Congo ridge, Kivu is even more isolated.

A range of actors are involved in the mining sector. Diggers have very few tools and so must rely mainly on muscle power. Their earnings are just as low as their productivity. Team leaders are the only ones to earn enough to live exclusively from mining activities. Diggers use artisanal methods to sort and concentrate minerals: the small-scale miners first break up the material with hammers. In a second step, they wash the materials to sort out the heavier elements. Access to water is essential; motor driven water pumps could save human energy wasted carrying-water. The working conditions of artisanal mining activities in Kivu and Rwanda are much the same.

Traders, who act as middlemen between miners and exporters, do better. However, they are exposed to illicit taxation and predation by armed groups. Their profits are eroded by the cost of air freight. Due to the lack of roads, most minerals are transported by small aircraft. Purchasing agents who prepare minerals for export are mainly based in cities such as Goma, Bukavu and Kigali. They operate with political support (given their location and based on personal relationships). This is where the political and the business worlds meet.

Both traders and purchasing agents are harassed by the high level of government taxes. The new DRC mining code increased taxes thus encouraging smuggling to Rwanda. Rwanda exports three to four times as much coltan and cassiterite as it produces. The difference comes from Kivu. The number of taxes on formal sector activities would need to be reduced to limit fraud. Taxation is also an issue for transport companies, particularly for lake transport subjected to double taxation in North and South Kivu.

Transport is the weak link in the value chain. The situation in Kivu is catastrophic: there is virtually no infrastructure with the exception of a few roads close to the border. Air freighting minerals to Goma and Bukavu certainly does not promote local development. On the other hand, road transport to the Indian Ocean ports via the Northern and Southern corridors and the railway, work well. Import and export trade links eastern Congo to East African transport networks. Since the DRC's reunification, flights between Goma, Bukavu and Kinshasa are operating, but mainly for passengers.

A number of priorities for action are clear from the above analysis:

Restoring roads in Kivu is an absolute priority. It would help revive all economic sectors, especially agriculture and mining as well as being essential for functional government services such as health, education and security. Security conditions the return to social interactions without fear, agricultural production for export (without looting) and foreign direct investment.

The MONUC's programmes for disarmament, demobilisation and repatriation (DDR) have been notably insufficient. Sustainable peace and security in the eastern DRC is not possible without strong commitment from the international community.

Legal measures designed to strengthen miners' co-operatives are already being implemented in Rwanda. Legal texts have been adopted in the DRC, but the new mining code seems to be difficult to apply without taking into account conditions in Kivu following a decade of disruption. With improved prospects for peace many initiatives are being led by traditional chiefs or businessmen, the two often being one in the same, or launched by NGOs.

There is a positive dynamic for local action that with only modest financial or technical support could impact positively on working conditions.

Access to information – new information technologies such as mobile phones, available in most urban areas, will help improve miners' access to information on coltan, cassiterite and gold prices. Economic information and knowledge of workers' rights under the law are key to building effective co-operatives that are truly capable of improving working and living conditions (as opposed to show cases designed to maintain elite privileges).

Using the mining sector as an entry point, this report highlights cross-border dynamics and the regional dimension. Almost all Kivu's trade is with partners from the eastern basin. Rehabilitating one or two road links to the West, thus opening up new markets for Kivu's agricultural and dairy and meat products, could help shift the balance. Nevertheless, regional integration in the Great Lakes region, including Kivu, Uganda, Rwanda and Burundi, is a fact of life based on cross-border trading, inter-personal relationships and cross-border ethnic networks. Several neighbouring states attracted by the prospect of developing potential energy sources (a new dam on the Ruzizi, methane gas from Lake Kivu, for example) have much to gain from re-establishing and strengthening co-operation.

The existence of cross-border markets has been vividly illustrated by recent difficulties following the closing of the border between Rwanda and the DRC (with civilians such as teachers and students unable to cross). Increasing cross-border trade is a critical aspect of restoring a peace economy.

In conclusion, there is no doubt that resolving political problems and tensions between Rwanda and the DRC will involve a regional approach. The line between the Congo and Nile basins is not sufficient to dissociate these inextricably linked areas that share challenges, actors, interests, economic complementarity, cultural affinities and even mutual fears.

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