

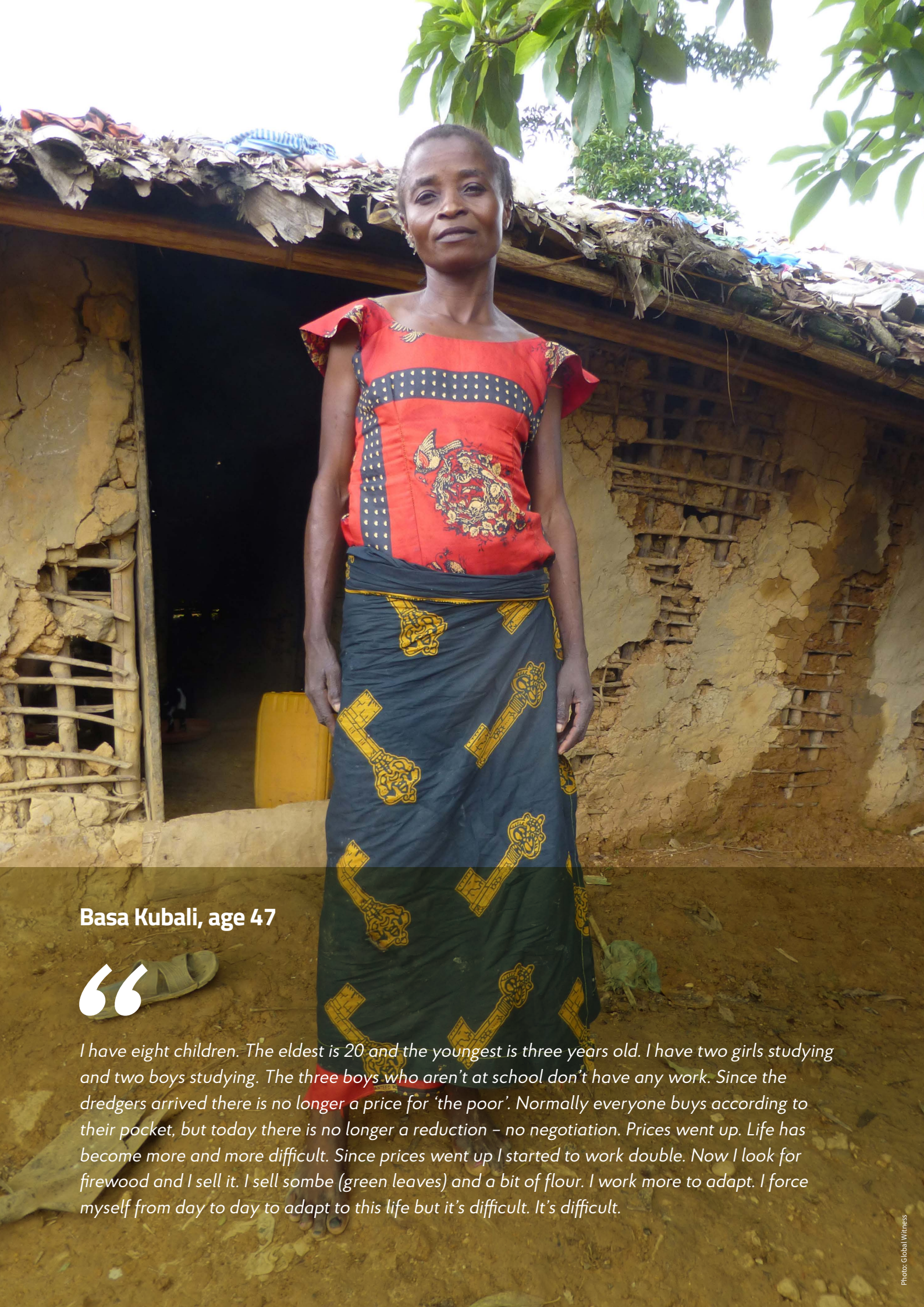
# RIVER OF GOLD

HOW THE STATE LOST OUT IN AN EASTERN CONGO GOLD BOOM, WHILE ARMED GROUPS, A FOREIGN MINING COMPANY AND PROVINCIAL AUTHORITIES POCKETED MILLIONS



global witness





**Basa Kubali, age 47**

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*I have eight children. The eldest is 20 and the youngest is three years old. I have two girls studying and two boys studying. The three boys who aren't at school don't have any work. Since the dredgers arrived there is no longer a price for 'the poor'. Normally everyone buys according to their pocket, but today there is no longer a reduction – no negotiation. Prices went up. Life has become more and more difficult. Since prices went up I started to work double. Now I look for firewood and I sell it. I sell some (green leaves) and a bit of flour. I work more to adapt. I force myself from day to day to adapt to this life but it's difficult. It's difficult.*

# Contents

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<b>Executive summary</b> .....	2
<b>1. Shabunda’s gold boom – a good news story gone wrong</b> .....	5
The case of Kun Hou Mining – a predatory company that made off with the gold .....	6
The Kun Hou gold: for militias, against the people .....	7
Letting them get away with it .....	9
<b>2. The Raia Mutomboki’s broader use of Shabunda’s gold boom</b> .....	11
Failure of state agencies to manage the boom and the gold sector .....	13
SAESSCAM: the state mining authority profiting from the gold trade alongside armed men .....	13
Disguising Shabunda’s gold on official export records .....	15
Shabunda’s disappearing gold .....	16
<b>3. Shabunda’s “conflict” gold went to Dubai</b> .....	17
ICGLR certificates: why they matter .....	19
<b>4. Why all of this matters for Congo and the implications for international companies</b> .....	20
An urgent role for the Congolese government .....	20
International companies and their obligations .....	21
<b>Recommendations</b> .....	22
<b>Endnotes</b> .....	25

# Executive summary

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**An estimated \$28 billion worth of gold lies under the soil in eastern Democratic Republic of Congo (hereafter Congo).<sup>1</sup> But the country's gold wealth, the majority of which is artisanally mined, has long been ill-used. Preyed upon by armed groups, bandits and corrupt elites the revenues generated by eastern Congo's artisanal gold sector have all too often funded corruption or fuelled abuses and violent conflict rather than helping to relieve the region's poverty.**

Global Witness' investigation into a recent gold rush along the Ulindi River in Shabunda territory in eastern Congo reveals the extent of the problems that beset the region's artisanal gold sector. The Ulindi boom generated more than a tonne of gold per year, worth around \$38 million,<sup>2</sup> whose beneficiaries included armed groups and a predatory Chinese-owned company, Kun Hou Mining, rather than the local population.

Global Witness research reveals that Kun Hou Mining paid Raia Mutomboki armed groups operating along the banks of the Ulindi \$4,000 and gave them two AK-47 assault rifles in order to secure access to rich gold deposits on the river bed. Kun Hou Mining ran four semi-industrial river dredging machines along the Ulindi in the boom. Members of the same armed groups also earned up to \$25,000 per month by regularly taxing the workers on locally-made dredgers who were doing the dangerous job of manually sucking up gold from the river bed.<sup>3</sup> Up to 150 of these manually operated dredgers worked along the river at the height of the rush. South Kivu officials charged with oversight of the province's artisanal gold sector appeared to defend Kun Hou Mining rather than enforce Congolese law and hold the company accountable for its illegal activity.

In some cases, the same authorities worked hand-in-hand with armed men and women from Raia Mutomboki armed groups to illegally tax artisanal gold diggers, in violation of Congolese law. Mining authorities in Bukavu, the regional capital, falsified declarations of origin for the small quantities of Shabunda's artisanal gold that were officially exported in order to obscure its origins, which are considered "high risk" by international standards.

Global Witness has seen documents that show that at least 12kg of Ulindi gold that had benefited armed groups was exported by a South Kivu gold trading house to its sister company in Dubai.<sup>4</sup> But the majority of the boom's gold – and taxes levied on it – have disappeared, almost certainly smuggled out of the country. South Kivu's provincial accounts for 2014 and 2015 show no evidence of a gold rush. The gold boom left Shabunda town almost as it found it: a deprived enclave with no roads, running water or electricity and its people suffering grinding poverty.

Gold booms are not uncommon in Congo and Shabunda is not an isolated case: four-fifths of eastern Congo's artisanal miners work in the gold sector.<sup>5</sup> Semi-industrial dredging companies, often Chinese-owned, have been accused by Congolese provincial officials and others of not paying taxes and smuggling gold out of the country in other parts of eastern Congo.<sup>6</sup> Hundreds of millions of dollars of artisanally produced gold from the country's east – which may have fuelled human rights abuses and violence – end up on global markets each year, often passing through transit countries such as Uganda, United Arab Emirates (UAE) and Switzerland.<sup>7</sup> Ultimately the gold ends up in products like jewellery and electronic circuit boards sold around the world.

Shabunda's gold rush could have played out very differently. Since 2010 companies all along gold supply chains have had access to international guidance developed by the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN). This guidance helps them source and trade gold from high-risk areas like Shabunda in a responsible way. Companies operating in Congo's gold sector have been legally required under Congolese law to implement the OECD guidance since 2012. Recent Chinese industry due diligence guidelines for responsible mineral supply chains,<sup>8</sup> based on the OECD guidance, provide directions and advice for companies like Kun Hou Mining to help ensure that their operations are not linked to abuses. Guidelines introduced in the UAE in 2012 make clear that all Dubai Multi Commodities Centre members and non-members should manage their supply chains according to the OECD principles.

In order for these reforms to translate into meaningful changes in conflict-affected and high risk areas like Shabunda, governments must hold companies and public officials involved in abuses to account.

Companies either producing or internationally trading Shabunda's gold did not implement these supply chain due diligence standards. Those companies operating in Congo acted in direct contravention of Congolese supply chain due diligence laws, which Congolese authorities failed to enforce. As a consequence, gold that benefitted armed men and a company operating illegally was left unchecked and traded internationally. Meanwhile the boom and its accompanying huge influx of gold diggers put pressure on already scarce resources in Shabunda town, pushing up food prices and leaving many local people unable to make ends meet. At the same time, mining authorities in Shabunda town ran an illegal taxation racket and, where gold was officially taxed, failed to deposit revenues with the Provincial government. This money is badly needed: in 2014 the town's only hospital recorded 535 cases of malnutrition.<sup>9</sup>

Eastern Congo's artisanal gold production should benefit Congolese people and the state rather than armed men and predatory companies. For this to happen:

The Congolese government must hold provincial officials to account where they neglect their duties related to the artisanal gold sector or operate illegally. Companies operating illegally in Congo, such as Kun Hou Mining, should be investigated, and where evidence of wrongdoing is found, prosecuted.

Companies at all stages along global gold supply chains must implement the OECD due diligence guidance on responsible mineral supply chains. This includes publishing an annual report detailing the risks found in their supply chain and the measures taken to reduce these.

States have an obligation under international law to ensure companies respect human rights.<sup>10</sup> As such, they must legally require companies under their jurisdiction to undertake OECD standard supply



Mortality rates are high for artisanal dredge workers along the Ulindi River, where drowning, collapsing river banks and poor air supply while diving for gold are occupational hazards. Divers seeking gold dive metres down into the river's fast-flowing brown water for hours at a time, their oxygen provided by a flimsy plastic tube held between their teeth that is attached to the barge above water. A local hospital worker described how divers would often be killed when large logs rolling along the riverbed with the current catch them off-guard, trip them up and disconnect them with the dredging machine and their air tube.

Figure 1



**Shabunda town, the eponymous hub of Shabunda territory, cannot be accessed by vehicle. Considered an “enclave”, the town has no running water or electricity: generators provide current for the few who can afford it.**

chain due diligence, and must effectively monitor its implementation.<sup>11</sup> Companies that fail to meet international supply chain due diligence standards laid out by the OECD must be held to account.

Artisanal miners operating in eastern Congo must be properly supported by the Congolese government. SAESSCAM, the Congolese state agency charged with oversight of the artisanal sector, must be urgently reformed or else disbanded.

Finally, donor governments should support diplomatic and development initiatives to promote responsible sourcing and support the Congolese government in establishing sustainable livelihoods for communities in areas where natural resources are extracted. Nascent and still localised efforts to formalise and manage artisanal gold supply chains should be supported and encouraged by governments and the private sector.<sup>12</sup>

## Methodology

Global Witness engages with companies, governments and other partners around the world to tackle the issue of natural resource-funded conflict. For the past 15 years we have reported on the links between the trade in minerals and armed conflict in eastern Democratic Republic of Congo, working with Congolese civil society, policy-makers and business leaders to develop practical solutions.

Global Witness undertook research in Shabunda town, the eponymous hub of South Kivu’s Shabunda territory, on two occasions in 2015 and conducted further interviews in Bukavu, South Kivu’s provincial capital, on three separate occasions in 2014 and 2015. In total we interviewed over 80 people involved in the gold boom that erupted along Shabunda’s Ulinzi River in 2013. Interviewees included gold divers, dredge workers, traders and businesspeople brought to Shabunda town by the gold rush as well as local residents, authorities and civil society. We also spoke to a whistle-blower from Kun Hou Mining.

An excellent August 2015 publication by the Great Lakes civil society platform COSOC-GL (the Coalition of Civil Society Organisations in the Great Lakes Region) raised several important and unanswered questions about the Ulinzi gold boom and has proved a comprehensive resource.<sup>13</sup>

# 1 | Shabunda's gold boom – a good news story gone wrong

South Kivu sits on the Democratic Republic of Congo's second-richest gold deposit.<sup>14</sup> The artisanal gold sector has long been an important source of jobs and income for the province's population, providing employment for tens or even hundreds of thousands of South Kivutians since the end of the Congo Wars (1996 – 2003). Across eastern Congo, four-fifths of artisanal miners are estimated to work in the gold sector.<sup>15</sup> In the last two years alone South Kivu has officially exported tens of millions of dollars' worth of artisanal gold<sup>16</sup> – a figure that would be higher still if the province's entire artisanal gold production left Congo through official channels. Using the best publicly available data, Global Witness estimates that in 2014 up to 94% of Congo's artisanal gold continued to leave the country illegally.<sup>17</sup>

But rather than contributing to the province's much needed development South Kivu's artisanal gold wealth has long been ill-used, often as a source of funding for rebel groups, and has contributed to local- and national-level fighting. Armed groups in eastern Congo are motivated by many factors, including long-standing political tensions, ethnic grievances and disputes over land. Not all groups or armed individuals in the region prey on the mineral trade although for those that do minerals can be a lucrative source of revenue.<sup>18</sup>

Former President Laurent Désiré Kabila smuggled gold from South Kivu across Lake Tanganyika to Tanzania when he was a rebel fighter during the 1960s and 1970s.<sup>19</sup> Foreign armed groups such as the *Forces Démocratiques de Libération du Rwanda* (FDLR) have exploited the province's gold and other resources to generate income for over a decade.<sup>20</sup> In gold trading towns like Kamituga and Lugushwa artisanal gold mining is preyed upon by rogue elements of the national army<sup>21</sup> and terrified gold traders live in fear of armed attack.<sup>22</sup>

Not all of South Kivu's artisanal gold mines and supply chains are linked to fighting. Weak provincial oversight of the artisanal gold trade and significant losses to smuggling often mean that networks of predatory companies, armed groups and corrupt state officials reap the greatest benefit. The people of South Kivu receive little in comparison.

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Recent international efforts to reform eastern Congo's artisanal minerals sector have so far failed to penetrate the gold sector. Although reforms have begun to change eastern Congo's tin, tantalum and tungsten supply chains, many remain exposed to armed predation and corruption.<sup>23</sup>

In 2013 a new gold rush began along a section of the Ulindi River running through Shabunda territory, enticing thousands of people to the territory's eponymous town. Although inaccessible by road, young students and experienced gold diggers walked or hitched motorbike rides from as far away as Angola and Tanzania,<sup>24</sup> lured by potentially lucrative work. With them came business men and women, restaurant owners and itinerant workers looking for jobs – all attracted by the boom.

The gold rush also attracted others with less straightforward motivations – and the provincial authorities welcomed them.



Photo: COSOC-GL

**Up to 150 manually operated dredgers like the one pictured here worked along the Ulindi River at the height of the gold rush.**

## How artisanal dredging works – one diver’s account

“The water is very dark and there is a lot of shadow. You can’t see ... we don’t have the means to work, like in Europe where they use torches in the water – if we had those we could see. We have a system of working with our hands. You close your eyes. All we know is that there is a lot of sand. Sand, big rocks! I move this, I get rid of that, and if there’s nothing there you start again. I take my pipe and I start sucking up sand, pa, pa ...

You work with weights [to keep you underwater]. You usually carry 25kg or 30kg, but the locals here use their own system using cables with bags that you fill with sand. They help us go down and come up. When you are using bags, you have to put your foot on them to support them underwater. But if you have lead weights on your back you can work more easily...because it turns you into something like a big rock. You become impossible to move! We have masks, diving equipment... those [wet] suits.

Often, when you dive down, you find rocks, sand, and when you start boring into the sand, you go straight through it with the tip of the pipe. The pipes from the dredgers are under high pressure, they suck up the sand. They are suction tubes. Divers like us guide the tip. It is shaped like a beak... it sucks up the sand, sometimes there are holes made by big stones. It can happen. Sometimes bits like that can cause an injury. You often get hit by stones, and they can give you a bruise.

Sometimes there are five or six divers, each with his pipe, his beak, me here, him there, you over there. You start, you drill holes... The sand can be three metres deep and from there you start working, you start sucking it up.

We have a system when we work: the dredgers are equipped with a machine we call a ‘drome.’ The sand goes through the drome [on the barge above the water]. You make it with planks of wood. You put a sort of mat here...and you, the diver, are down there, sucking out the sand, which comes up the pipe. The sand falls back into the water. The gold stays there on the mat.

The assistants [on the barge above the water], they see [what comes out], they take a look. If there’s gold, they are the ones who point it out, but you are the one in the water. Then they tug those pipes there. They tug them three times. Kish, kish, kish... That’s the signal. The moment they see gold [in the sand]... You have to stay where you are working.

And after that, when the machinery operators cut the motor, the divers’ assistants come and start pulling out the matting. They start shaking it... then you put water on it, you start beating the matting like this, pa, pa, pa. The water runs off, leaving the gold.

Afterwards, it goes like this: you take it and you put it in a bowl, and you take the mercury... you pour it in and you start to move it like this... and the mercury collects the gold. It only collects the gold, and when it has collected the gold it forms a block like this.”

The large quantities of mercury deposited in the river as part of the gold dredging process are feared to have negative impacts on people’s health and the river ecosystem.<sup>25</sup>

## The case of Kun Hou Mining – a predatory company that made off with the gold

Kun Hou Mining, a company owned by Chinese nationals arrived in 2014 and went on to install four semi-industrial mechanised river dredging machines on the Ulindi. Manned by Chinese technicians the 25 metre long dredges ploughed up and down the river reaping alluvial gold via a conveyor belt fixed with up to 60 iron buckets, each of which scoop out sand containing gold from the river bed.<sup>26</sup>

However, in its rush to access the Ulindi’s gold wealth Kun Hou Mining knowingly broke Congolese mining laws and the international supply chain standards that the company was party to. Their actions funded armed groups, contributing to local instability in the process. The majority of the gold the company produced disappeared (presumed smuggled out of the country) rather than being exported officially, therefore depriving the province and state of much-needed taxes. In the words of one local person, “the dredgers haven’t brought us anything. For us the



population, there isn't any change, life is as it was before."<sup>27</sup>

In order to secure access to the river's gold Kun Hou Mining illegally paid thousands of dollars to armed individuals calling themselves Raia Mutomboki (see Section 2) who operated along the banks of the Ulindi. Raia Mutomboki are loosely coordinated groups of armed men and women who, at the movement's inception, professed to defend the local population in particular, against Rwandan rebels (see "Who are the Raia Mutomboki?" box).

A document obtained by Global Witness shows that in 2014 Kun Hou Mining provided four armed Raia Mutomboki factions, going by the names Raia Mutomboki Sadiki, Bwandudu, Kimba and Kimusi, with AK-47 assault rifles, communications equipment and food supplies.

In a February 2015 letter from the four Raia Mutomboki groups they confirmed receipt of \$4,000 and two AK-47 assault rifles from Kun Hou Mining for "collaboration and installation of their [gold dredging] machines" (see Figure 2). The letter, addressed to Kun Hou's Franck Menard, also shows that the armed men received 24 Motorola walkie-talkies and four packets of biscuits.

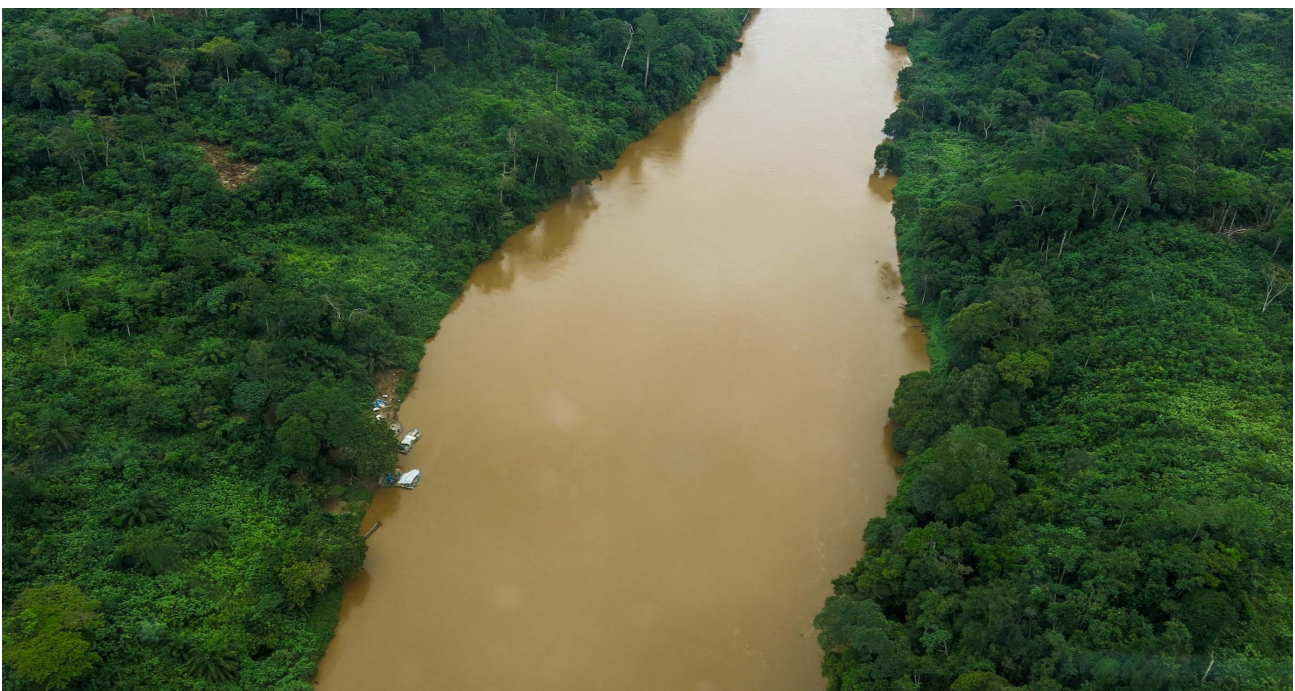
According to the document, the two AK-47 rifles had been handed over to the armed men at Kun Hou's base in Shabunda. The letter goes on to request prompt delivery of a further two AK-47s, which had according to the document been promised by Franck Menard.

The letter is supported by other evidence. Two individuals in Shabunda town with knowledge of the matter said that representatives of the company had made cash payments to the armed men.<sup>28</sup> Other eyewitnesses in Shabunda town said that they had seen the fighters using the Motorola walkie-talkies in the forest. According to an official source and Shabundan civil society, Kun Hou Director Michael Wang met with armed men in the forest around the Ulindi on several occasions.<sup>29</sup> Kun Hou Mining did not respond to several requests for comment.

### The Kun Hou gold: for militias, against the people

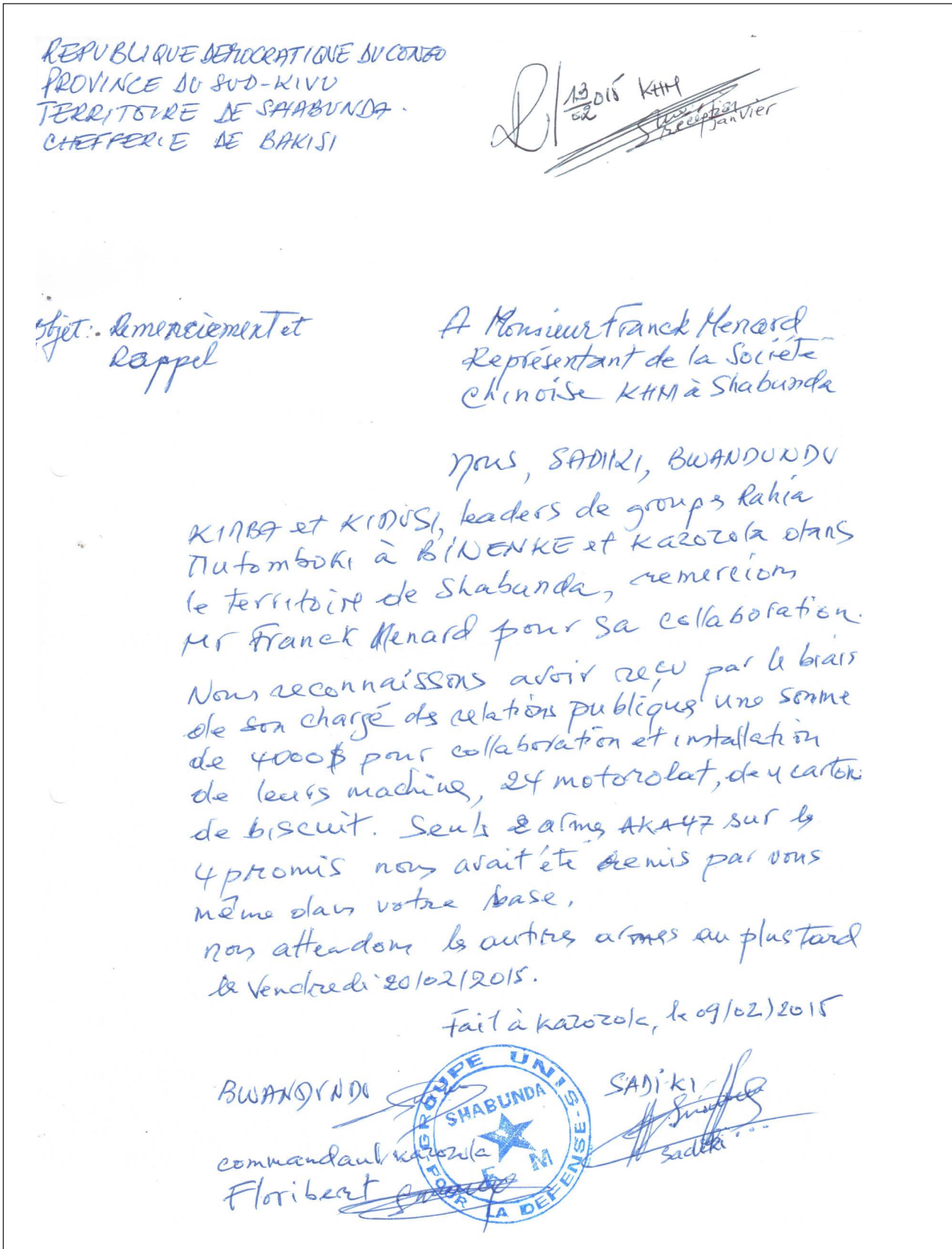
The Kun Hou semi-industrial river dredgers mined the Ulindi for gold for at least nine months in 2014 and 2015. Two of the company's dredgers were still active along the Ulindi in March 2016. Documents produced by the company and held by the provincial office of the state mining agency SAESSCAM state that their four machines produced 14kg of gold during this nine month period.<sup>30</sup> But using additional production data obtained by Global Witness and information on dredge production from a source close to the company, Global Witness estimates that the company's machines produced far more – up to 390kg of gold in the same nine months, bringing the value of Kun Hou's gold production to \$15 million for that period.<sup>31</sup>

At these volumes, Kun Hou's Ulindi gold should have generated hundreds of thousands of dollars



Aerial view of the Ulindi River: several dredgers are moored along the left-hand bank.

Figure 2



A February 2015 letter from four Raia Mutomboki groups confirmed receipt of \$4,000 and two AK-47 assault rifles from Kun Hou Mining for “collaboration and installation of their [gold dredging] machines”. The letter, addressed to Kun Hou’s Franck Menard, also shows that the armed men received 24 Motorola walkie-talkies and four packets of biscuits.

## Who is Kun Hou Mining?

Kun Hou has had close ties to top South Kivu provincial officials from the beginning. In July 2013, Kun Hou Mining held a private meeting with South Kivu's Governor at his residence to get his "blessing" to work in the province.<sup>32</sup> Then, the company's operations were formally inaugurated in Shabunda town in September 2014 by a delegation of senior provincial mining officials.<sup>33</sup>

Michael Wang, a 44 year old Chinese national, runs Kun Hou Mining in Congo and is also a director of parent company Kun Hou Mining Group in Uganda. The Congolese and Ugandan companies appear to be part of the same group as Shijiazhuang Kun Hou Trading Limited Company registered in mainland China.<sup>34</sup>

Others involved with Kun Hou in Congo include 64 year old French national Franck Menard who is a minority shareholder in Kun Hou in Congo and is referred to as both an "advisor" and a "partner" of Kun Hou Mining on company documents. Another French national also undertook initial scoping work for Kun Hou Mining in Shabunda in 2014, according to a source close to the company.<sup>35</sup>

Global Witness contacted Michael Wang three times with the allegations made in this report. Mr Wang did not reply. Global Witness' attempts to contact Franck Menard were unsuccessful.

The legality of Kun Hou's presence along the Ulindi River is highly questionable. During 2014

and 2015 Kun Hou owned up to four mechanised dredging machines that operated along the river in Shabunda. In July 2013 Kun Hou signed a two-year operational agreement with Muka, a Congolese company.<sup>36</sup> Using Muka's company name, Michael Wang signed at least four operational agreements with local mining cooperatives based in Shabunda town,<sup>37</sup> which committed the cooperatives to produce gold exclusively for Muka (in reality Kun Hou).<sup>38</sup>

But according to the company's statute, a copy of which is held by Global Witness, Kun Hou was only registered by Kinshasa's Companies House (*Guichet Unique de Création d'Entreprise*) on 27 January 2015 – almost six months after its official inauguration in South Kivu and a full 18 months after it signed its first operational agreement with Muka.<sup>39</sup> In 2015 Kun Hou lodged an official application in Kinshasa to become a gold trading house.<sup>40</sup>

Further, Global Witness and Congolese civil society have identified several areas where Kun Hou's operations do not meet the requirements laid out in the 2002 Congolese Mining Law. For example, Kun Hou was allowed to operate without the correct permits,<sup>41</sup> in violation of national working codes<sup>42</sup> and in collaboration with armed men. It was even encouraged by the former provincial Minister of Mines Adalbert Murhi to send its gold to a Bukavu trading house that had not renewed its trading licence for 2014 or 2015.<sup>43</sup>

for the province in export taxes alone. Based on Global Witness' estimates of the company's dredging operations, Kun Hou should have paid official taxes of at least \$300,000 a year for the gold it produced.<sup>44</sup> It is likely that the majority of Kun Hou's gold has been traded illegally.<sup>45</sup> Taking in to account other provincial and national taxes that Kun Hou appears not to have paid, the total amount of revenue lost to both South Kivu and the state is likely to be much higher.

Kun Hou claims that "all the production [of gold] we were preparing for export" was stolen by the enraged local population in June 2015.<sup>46</sup> This claim is

supported by South Kivu's former Minister of Mines, Adalbert Murhi,<sup>47</sup> and South Kivu's Governor, Marcellin Cishambo.<sup>48</sup> Global Witness' research reveals this is not true. Kun Hou Mining did export Ulindi gold and that state mining authorities knew it.

### Letting them get away with it

Throughout Global Witness' research into the Ulindi's boom, South Kivu's (now former) Minister of Mines and members of his team publicly supported Kun Hou's claim that they had not exported any of their

Ulindi gold because all that was produced prior to June 2015 had been stolen from the company's base in Shabunda. Global Witness holds a copy of a letter from South Kivu's Governor addressed to Congo's national Minister of Mines in the capital Kinshasa that states that all but two kilograms of Kun Hou's gold was carried off by the local population in June 2015 when they attacked the company's base over the death of a local miner.<sup>49</sup>

But in early 2016 South Kivu's provincial authorities changed their story. In another official letter written in early 2016 by Michel Liete, head of South Kivu's Mining Division, and addressed to the national Minister of Mines (copying South Kivu's Governor and new Minister of Mines), Mr Liete lays out Kun Hou Mining's production by gram as recorded by mining authority SAESSCAM between October 2014 and May 2015. He goes on to confirm that Kun Hou's partner Muka sold around 12kg of gold, worth just under half a million dollars, to Alfa Gold, a gold trading and export house in Bukavu, the provincial capital.<sup>50</sup> Alfa Gold's only export destination for 2014 and 2015 was Dubai (see Section 3).

The law in South Kivu requires an agent from the *Centre d'Evaluation, d'Expertise et de Certification* (CEEC) to be present in order to value and counter-sign all gold purchases made by registered gold trading and export houses in Bukavu. The CEEC reports on these sales to the Minister of Mines.

It is unclear why provincial authorities maintained the claim that Kun Hou's gold had been stolen when at the very least the Mining Division must have been aware of the transactions between Kun Hou Mining and Alfa Gold.

As early as 2014, Congolese activists were raising the alarm about the "chaos" along the Ulindi. In an August 2014 letter to the national Minister of Mines in Kinshasa, Shabundan NGO OBACOFOSHA (*Organisation de Base pour la conservation des forêts de Shabunda*) described how "the Chinese" from Kun Hou Mining had signed agreements with Raia Mutomboki armed men to secure access to the gold and called for a suspension of gold dredging activity along the river.<sup>51</sup>

Despite its alarming contents the letter written by civil society did not prevent provincial authorities from celebrating the arrival of the firm in Shabunda the following month. Kun Hou's machines continued to dredge the river bed for gold.

It was not until 2015 that authorities in Kinshasa voiced concerns about what was going on along

the Ulindi River. In March and again in June 2015 Congolese Prime Minister Matata Ponyo wrote letters to the Governor of South Kivu instructing him to immediately halt to all gold dredging operations along the river due to high radioactivity levels in the Ulindi River.<sup>52</sup> But the South Kivu government failed to act and Kun Hou continued its work.

In July 2015 the Governor of South Kivu finally issued a provincial decree ordering all dredging along the Ulindi to stop.<sup>53</sup> But even this decree does not appear to have been enforced for either Kun Hou or the artisanal dredgers.

When a local human rights defender denounced continued dredging on the Ulindi in an August 2015 broadcast on Shabunda's local radio station, he was temporarily detained by the Congolese army.<sup>54</sup> The same radio station had been taken off air earlier that year for criticising the gold rush on the river.<sup>55</sup>

Following a report by Great Lakes civil society group COSOC-GL, Congo's national Minister of Mines Martin Kabwelulu instructed Kun Hou Mining's dredges and gold production to be immediately seized by provincial authorities in October 2015,<sup>56</sup> but this did not happen either. In March 2016 two eyewitnesses in Shabunda confirmed to Global Witness that Kun Hou's dredges were still active on the Ulindi.<sup>57</sup> Shortly before publication of this report, Congolese civil society activists denounced activities along the river once again.

It is unclear why South Kivu's Governor and former Minister of Mines have maintained such a strong defence of Kun Hou. In a December 2015 letter the Governor told the national Minister of Mines that seizing Kun Hou's dredges "would be detrimental to the interests of the State".<sup>58</sup> South Kivu's former Minister of Mines told Global Witness in a November 2015 meeting that the company's activities were "irregular" but not "illegal".<sup>59</sup> Given the company's repeated breaches of Congolese law, support for armed groups and total exploitation of the Ulindi's gold wealth, the actions of the provincial government and authorities in South Kivu raise significant questions about their underlying motivation.

Further, the failure of South Kivu's authorities to enforce national and provincial laws, allowing a predatory Chinese company to reap the benefits of Shabunda's gold boom, gravely undermines domestic and international efforts to clean up eastern Congo's gold supply chains.

## 2 | The Raia Mutomboki's broader use of Shabunda's gold boom

### Who are the Raia Mutomboki?

Raia Mutomboki, “outraged citizens” in Kiswahili, are loosely coordinated groups of local armed men and women who, at the movement’s inception, professed to defend the local population in particular, against Rwandan rebels.<sup>60</sup> Not all Raia Mutomboki groups continue to work towards this aim.

At least four of the armed factions operating along the Ulindi under the Raia Mutomboki banner in 2014 and 2015 used the river’s gold to fund themselves. The ultimate ideological goal of these groups was unclear to several local people interviewed by Global Witness. The leadership and names of Raia Mutomboki groups operating in Shabunda territory have changed, sometimes in fairly quick succession, as leaders disarm, are killed, form new alliances or move location.

The groups appear to operate independently rather than as part of a larger-scale, coordinated rebel movement<sup>61</sup> – behaviour that is typical of a broader trend towards the fragmentation of armed groups in eastern Congo. The most recent comprehensive survey counts more than 70 such groups.<sup>62</sup>

Although Congo’s war officially ended over a decade ago, armed groups are a continued source of instability and abuses, and are often able to survive through their illegal participation in Congo’s natural resources trade. In some cases local armed groups may even have more credibility with the local population than state security forces. Better regulation of eastern Congo’s gold trade must be part of the Congolese government’s broader strategy to disarm and demobilise fighters – in doing so, safeguarding local populations against the future possibility of abuse by either these groups or state security forces.

While Kun Hou Mining made payments directly to armed men, the latter extracted taxes, often with the threat of physical violence, from other producers of the Ulindi’s gold. Sometimes armed men taxed in complicity with members of state mining agencies – undermining provincial demobilisation efforts and local stability in the process.

Armed Raia Mutomboki groups operating along the banks of the Ulindi made up to \$25,000 per month during the height of the boom. This revenue came from illegal taxes levied on artisanal miners operating the locally-made dredgers sucking up the river bed’s gold, and is separate from the payments received from Kun Hou Mining.<sup>63</sup>

Dredge workers who had been illegally taxed by the armed men described how two of the Raia Mutomboki groups operating on each bank of the Ulindi close to Shabunda town in early 2015 – locally known as Raia Mutomboki Kimba and Raia Mutomboki Sisawa – demanded five grams of gold per dredging machine on the 15th and 30th day of each month.<sup>64</sup> They also charged a mooring payment of \$500 per dredge, alongside other taxes. Dredge workers showed Global Witness paper receipts issued by the armed men for these “tax” payments.

Views of the threat posed by these armed groups vary. Some local people told Global Witness that the Ulindi’s armed men were largely “youths without a real aim” who had been driven to fighting in the forest



Paper receipts issued by armed men to gold dredge workers for “tax” payments.

through lack of jobs and opportunities.<sup>65</sup> However, Congolese civil society and local media report how the local population, river workers and local traders have experienced arbitrary arrest, extortion, physical violations and verbal threats at the hands of well-armed fighters.<sup>66</sup>

One dredge worker interviewed by Global Witness described how he had been whipped by Raia Mutomboki men when he was unable to hand over any gold. Another dredge worker described how Raia fighters detained dredgers in makeshift prisons in order to elicit money and gold in return for their release.

Local people also told Global Witness that the gold boom had enticed some fighters to stay in the forest, from where they could prey on the gold dredging activities along the river, rather than disarm. While minerals are certainly not the only source of funding

for these armed operatives (other revenue streams are available, such as kidnapping<sup>67</sup>) sums like those on offer along the Ulindi make predation on the minerals trade an attractive choice for some.

The Congolese national army, the FARDC, has undertaken a series of operations aimed at removing the Raia Mutomboki from the forest, which have had mixed results and reviews.<sup>68</sup>

As part of a wider set of activities the Congolese government must urgently address the lack of attractive alternative livelihoods on offer for local people – as well as demobilised fighters – in its attempts to integrate Shabunda's Raia Mutomboki fighters back into the local community. Whether Raia Mutomboki fighters are youths gone astray or more violent elements, the Congolese government also has a responsibility to ensure artisanal miners can operate in security and without fear of intimidation.

## A dredge worker explains how armed groups tax the gold trade

“This is the gold they extract out there [on the river Ulindi]. [Shows gold] here is six grams. It's like sand. That's one day's work. That's my salary. That's 20% [of what I got from the river], the six grams. I took one day [to get that] – 10 hours. I made 30 grams in production [in total]. So they gave me six.



Artisanal gold miners, Ulindi River, Shabunda.

I take care of it. When I'm ready to go home, the gold is my savings. If I get 10 grams, I can sell four, say, and that helps us. But I put six to one side because I have left my children at home, and my family. Sometimes they telephone us here: “We are hungry,” it is worrying, and we send them something. You don't send gold – you sell that here and send the money through.

The Raia [Mutomboki] have a base in the forest, 20 or 30 metres away from where we work. Every moment they are with us out there. Every day.

They tax you: they called them ‘Quinzaines’ and ‘Trentaines.’ Every 15th and every 30th [day of the month] you give 10 grams, because the Raia are groups of rebels. There are Raias on this side, on the left bank, and on the right bank. So they all demand their Quinzaine and when, on the 15th, the left bank Raia come and demand their tax, then the right bank Raia also come and make their demand. We have no choice but to pay the left bank and the right bank, five and five. We pay five and five. The 30th too – when they arrive, we also pay them five and five, which makes 10 a month each group.”

## The dangerous life of an artisanal miner: SAESSCAM's neglect

SAESSCAM, the governmental body created to support artisanal miners, has a mandate that charges the agency with training and oversight of artisanal miners. But individuals working along the Ulindi during the boom were left unsupported and exposed to extremely dangerous working conditions, as they are in many parts of eastern Congo.

When the gold boom hit the Ulindi, first-timers and seasoned hands arrived in Shabunda town to man over 150 locally-made gold dredgers that trawled up and down the waterway in pursuit of alluvial gold. Day and night, divers plunged off dredge barges and into the river's muddy waters, each holding a large plastic pipe with which to vacuum gold-rich sand from the river bed.

Divers and dredge operatives complained bitterly to Global Witness that SAESSCAM had not provided them with protective equipment, tools or advice, all of which the agency is mandated to do. Global Witness' research reveals that this is the case across North and South Kivu provinces. Instead, Shabunda's thousands of artisanal miners face a high mortality rate. Workers on artisanal dredgers

told Global Witness that on average one artisanal diver dies every month from the work along the Ulindi. Causes of death varied, from drowning following the collapse of river banks to insufficient air supply while diving for gold to being hit by large tree trunks that roll along the river bed.<sup>69</sup>

One dredge worker described how his 20-man river-dredging team worked continuously in shifts over a 24 hour period, six days a week, to gather gold off the river bed.<sup>70</sup> Eight of the men were divers and would don cheap wetsuits to descend metres into the river's fast-flowing brown water for hours at a time, their air provided by a flimsy plastic tube held between their teeth that is attached to the barge above water.

The lack of both official Artisanal Exploitation Zones (ZEA) and validated mines across the whole of Shabunda territory – and elsewhere in Congo where this is the case – renders the artisanal diggers operating there even more vulnerable. The state officially considers the activities of these miners illegal, and yet they are taxed by state agents such as those from SAESSCAM.

### Failure of state agencies to manage the boom and the gold sector

Weak provincial level oversight of Shabunda's gold boom meant unlawful company behaviour went unpunished. Certain provincial authorities charged with oversight of South Kivu's artisanal gold sector were themselves complicit in illegal activities linked to the Ulindi's boom, undermining domestic and international efforts to reform South Kivu's gold supply chains still further.

Global Witness has uncovered serious misconduct by three provincial mining agencies, including where their staff have cooperated directly with armed groups to illegally tax gold and, in a separate case, where they have deliberately disguised the origins of high-risk gold on regional export certificates.

### SAESSCAM: the state mining authority profiting from the gold trade alongside armed men

Employees of the Shabunda branch of SAESSCAM (*Services d'Assistance et d'Encadrement de Small Scale Mining*), the Congolese government agency charged with regulating artisanal mining, illegitimately taxed the artisanal dredgers operating along the Ulindi River, in some cases working in collaboration with Raia Mutomboki armed groups, and made off with the money.

Global Witness holds a copy of a January 2015 letter from a Raia Mutomboki commander operating on an upstream stretch of the Ulindi which describes the terms of an agreement between SAESSCAM and the fighters concerning taxes obtained from artisanal gold dredgers along the Ulindi.<sup>71</sup> The letter, which is addressed to "the Head of SAESSCAM Shabunda", lays out how in September 2014 SAESSCAM and the armed



Photo: COSOC-GL

**A gold diver on the Ulindi River.**

men agreed to share equally “all taxes due from every workplace where we use dredging machines”.

Numerous workers in the gold trade and local observers in Shabunda town confirmed that SAESSCAM agents took between 10% and 11% of dredgers’ gold production on a weekly basis. Three Shabunda locals with knowledge of the gold trade, who wish to remain anonymous, confirmed that they had seen SAESSCAM agents working in areas where the Raia Mutomboki were present and with the armed men, in order to force dredgers to pay.<sup>72</sup>

Global Witness estimates that production of all the artisanal dredgers (not including Kun Hou) operating along the Ulindi River was likely between 550kg and 720kg of gold per year.<sup>73</sup> This is based on partial data from SAESSCAM – which significantly under reported the quantity of gold being produced along the river<sup>74</sup> – a Shabunda town gold trading house and interviews with dredge workers. Based on Global Witness’ estimations for artisanal gold production, and assuming they managed to tax every dredger, SAESSCAM’s 10% tax would generate up to \$2.8 million.<sup>75</sup>

Despite these sums, South Kivu’s official budget for 2014 and 2015 does not record any revenue collected

from artisanal gold dredging production (the taxes collected by SAESSCAM).<sup>76</sup>

The Head of SAESSCAM based in Bukavu, South Kivu, Mr John Tshonga, denied that his agents in Shabunda collaborated with Raia Mutomboki groups in a meeting with Global Witness in November 2015. He officially dismissed an allegation by Great Lakes civil society platform COSOC-GL that SAESSCAM taxed dredgers in collaboration with the Raia Mutomboki as “a fantasy”.<sup>77</sup>

SAESSCAM’s mandate states that the agency may only operate in areas officially designated as Artisanal Exploitation Zones (ZEAs). Shabunda territory did not hold any ZEAs until December 2015,<sup>78</sup> making the agency’s presence in the territory officially unlawful.

In addition, a 2012 Congolese decree stipulates that artisanal mining may only take place in sites that have been ‘validated’ by the state.<sup>79</sup> By his own admission John Tshonga noted that the sites where the dredges are found are “not yet validated”,<sup>80</sup> and yet at least 25 SAESSCAM agents<sup>81</sup> under Mr Tshonga’s control persisted with tax collection in non-validated mining areas, including those under known control of armed groups. Mr Tshombe told Global Witness in November 2015 that validation of mining sites in Shabunda was necessary to ensure traceability.

A 2013 PricewaterhouseCoopers audit of SAESSCAM concluded that, 10 years after the agency’s creation, the majority of their interviewees “did not recognise the agency’s utility” and that the actions of the agency in the field could be summed up as “contradictory” to its mandate. The same report also recognised a series of problems at the heart of the organisation that affected its ability to function, including presence of under-qualified staff, insufficient employee numbers to fulfil mandated tasks and inadequate budget allocation at a national level for the agency as a whole.<sup>82</sup> A September 2015 conference on Congo’s artisanal gold sector held in Kinshasa concluded that it was in a state of “total anarchy” and that, due to lack of funds and the inadequate technical capacity of its agents, SAESSCAM was not “correctly fulfilling its mission in supporting artisanal miners.”<sup>83</sup>

In Shabunda, SAESSCAM agents appeared to be acting in almost total breach of their mandated duties, but were not controlled by the provincial director. Individuals found to have neglected their duties must be held accountable in order to deter others from such actions in the future. The Congolese government must take immediate steps to reform SAESSCAM in South Kivu and across eastern Congo.<sup>84</sup> The agency’s actions



in Shabunda must be independently investigated and findings made public. The Congolese government should urgently reform – or else disband – the agency.

### Disguising Shabunda's gold on official export records

While Shabunda's gold rush kept SAESSCAM agents busy collecting illegal taxes, representatives at two other mining agencies, the *Centre d'Evaluation, d'Expertise et de Certification* (CEEC) and the Mining Division, were busy doctoring official export reports to disguise the origin of Shabunda's gold. In fact, this was part of a much wider pattern of concealing the origin of gold in South Kivu.

Gold generated during Shabunda's boom, including that produced by the Kun Hou dredgers, was disguised on publicly available export records held by South Kivu's Mining Division. Global Witness' investigations reveal that artisanally produced gold that came from areas with known links to armed groups, like that from the Ulindi, was deliberately mislabelled at export by authorities in Bukavu. This was to make it look like it had come from legal mine sites, and so conceal its

high-risk supply chain and, in some instances, its links to financing conflict and human rights violations.

Two contradictory sets of official export records covering the same period in 2014 demonstrate how this is done. The first show that in January and February 2014 just over 70 grams of artisanal gold exported from South Kivu came from prominent high-risk gold mining spots including Kamituga, Shabunda and Lugushwa. The second set of official records for the whole of 2014 purport to show that all of South Kivu's artisanal gold exports came from just one place: Walungu.<sup>85</sup> Walungu territory is home to South Kivu's only validated gold mines (see "ICGLR certificates: why they matter" box).<sup>86</sup> The non-validated, high-risk mining areas had been conveniently erased.

The pattern continues. The handful of validated gold mines in Walungu territory have become the exclusive 'origin' of all South Kivu's legal gold exports on official documents, from where a total of 446kg was exported in 2014 and 2015.<sup>87</sup> If the documents are to be believed the artisanal miners in the validated Walungu mines, which at last count numbered a modest 250,<sup>88</sup> produced all of South Kivu's gold exports and the tens

R E P U B L I Q U E   D E M O C R A T I Q U E   D U   C O N G O

**BON D'ACHAT**

CENTRE D'EVALUATION  
D'EXPERTISE ET DE CERTIFICATION  
DES SUBSTANCES MINÉRALES  
PRÉCIEUSES ET SEMI-PRÉCIEUSES

DIRECTION PROVINCIALE OU  
ANTENNE DE  
Sud-Kivu

COMPTOIR: **ALFA GOLD**

Nature de la substance précieuse ou semi-précieuse: **OR / SHABUNDA**

Bureau d'Achat situé à: **BUKAVU**

Province de: **Sud-Kivu**

Quantité achetée: **382,19 gr, teneur 96,8%**

Valeur d'achat payée au(x) vendeur(s):

Montant en chiffres: **13.889 \$**

Montant en toutes lettres: **dollars treize mille huit cent quatre vingt-neuf**

Date d'achat: **13/10/2014**

Lieu d'achat: **RD, Av. P.E. Lumumba / IBANDA**

ARRÊTÉ D'AGREMENT DU COMPTOIR  
N° **en cours**  
Valable du **1 / 1**  
au **1 / 1**

BA N° **0191282**

Acheteur  
(Nom, prénom et signature)  
**HU LUMBA ZADIN**  
*Menard*

Vendeur  
(Nom, prénom et signature)  
**FRANCK**  
*Menard*

**John Musien**

An official receipt confirming the sale of just over 382 grams of gold to Alfa Gold Bukavu on 13 October 2014 signed by Franck Menard on behalf of Kun Hou Mining.



**Franck Menard (left) at the formal inauguration of Kun Hou Mining in Shabunda town in September 2014.**

of thousands elsewhere in the province nothing at all.

In a bid to convince the outside world that all of South Kivu's gold is from mine sites considered "clean" by the Congolese government, the authorities in South Kivu appear to have deliberately changed the official origin of the province's gold. Even though mining authorities interviewed by Global Witness openly acknowledged that Shabunda's gold rush significantly increased South Kivu's gold exports,<sup>89</sup> and noted that the increased number of gold export houses in Bukavu from two in 2012 to six in 2015, was due to Shabunda's gold boom,<sup>90</sup> Shabunda's name has been removed from official export documents.

By concealing the true origin of the gold, provincial authorities directly undermine domestic and international measures aimed at making Congo's mineral supply chains more transparent. These actions, taken by the very authorities charged with oversight of the artisanal gold sector, are likely to discourage investors and companies keen to engage in responsible trading beneficial to the state and its people, because international companies cannot currently rely on information about artisanal gold provided by South Kivu's state authorities.

### Shabunda's disappearing gold

While provincial authorities covered up the origin of official gold exports from Shabunda's boom, most of the gold produced during the rush disappeared. These significant volumes of gold should have provided substantial revenues to the province, had they been exported officially. Although legal exports of artisanal gold from South Kivu have increased in recent years, peaking at 356kg in 2014,<sup>91</sup> this is still considered by

UN and other expert observers as a small fraction of the province's total gold trade.

Global Witness estimates that together the artisanal and Kun Hou dredgers produced more than a tonne of gold per year, worth upwards of \$38 million at international prices.<sup>92</sup> Technically, the artisanal dredgers working on the Ulindi were not authorised by the state because that part of Shabunda territory is not covered by a ZEA nor validated (see "ICGLR certificates: why they matter" box). However, given that SAESSCAM and Mining Division agents were taxing dredgers and their gold production with the knowledge of the provincial government, the amount of gold mined should have been officially recorded and taxes on it passed on to the province.

A full set of production statistics for Shabunda's gold boom are not publicly available. In August 2015 Global Witness and COSOC-GL wrote a joint letter to the national General Secretary for Mining, Congo's top civil servant for mining, to request a copy of South Kivu's production statistics but did not receive a response.<sup>93</sup>

The problem is bigger than just Shabunda. NGOs, journalists and the UN have repeatedly exposed the huge volumes of artisanally produced gold smuggled out of eastern Congo as a whole. At least some state agents are concerned with the situation: one member of North Kivu's mining administration told Global Witness in February 2016, "I've just come from Walikale [territory] where huge volumes of artisanal gold are being produced, but the state is not benefitting. It's awful".<sup>94</sup>

“

*Global Witness estimates that together the artisanal and Kun Hou dredgers produced more than a tonne of gold per year, worth upwards of \$38 million at international prices.”*

Much has been written about the need to control illegal cross-border flows of eastern Congo's artisanal gold. Although governments in the region have taken some steps to harmonise minerals export taxes across Great Lakes countries in an effort to reduce cross-border smuggling,<sup>95</sup> other areas for reform are needed in order to reduce smuggling, including harmonisation of regional royalty rates, reduction of provincial level taxes within Congo and specialized enforcement in airports.<sup>96</sup> More needs to be done to ensure that exporting gold above board and through official channels is an attractive option for those in the gold sector.

# 3 | Shabunda's "conflict" gold went to Dubai

**Proper management of the Ulindi's gold boom and Congo's wider gold sector requires careful and responsible responses. Responsibility falls squarely on the shoulders of Congolese national and provincial governments. But Shabunda's gold is traded internationally and, as such, links the situation along the Ulindi River to companies, investors and consumers around the world.**

Although the majority of Kun Hou's Ulindi gold was probably smuggled out of the country, Global Witness has seen trading documents and an official letter that prove that some of it was sold to a Bukavu gold trading house and, from there, to Dubai.<sup>97</sup> This means that international consumers buying jewellery and other gold products from Dubai, or firms that use Dubai gold in their products, are at risk of buying gold that has funded militias in eastern Congo.

Official records show that Kun Hou knowingly sold just over 12kg of gold to Alfa Gold trading house in Bukavu during the boom. Alfa Gold exclusively exported their gold to Alfa Gold Corp in Dubai.<sup>98</sup> Global Witness understands that Kun Hou's only mining operations in eastern Congo at the time of the sale were on the Ulindi River so the gold sold to Alfa would have benefited armed groups.

The links between Shabundan gold and Dubai are further confirmed by an official sales receipt issued by the South Kivu branch of the mining authority, the *Centre d'Evaluation, d'Expertise et de Certification* (CEEC), confirming the sale of Kun Hou gold to Alfa Gold Bukavu. The receipt is for just over 382 grams of gold bought on 13 October 2014 and is signed by Franck Menard on behalf of Kun Hou and by a representative of Alfa Gold. When Raia Mutomboki groups wrote to Kun Hou to thank them for the \$4,000 and the two AK-47s they addressed the letter to Franck Menard. That month, all of Alfa's gold was exported to their sister organisation in Dubai.<sup>99</sup> We now know that the sale of the gold was just the tip of the iceberg.

When Global Witness visited Alfa Gold in Bukavu in 2014 we saw first-hand a Colonel of the Congolese army attempting a gold trade over the counter. Alfa

Gold refused to buy the mineral as they said it was not gold, but at no point did any members of Alfa's staff explain to the Colonel that it is illegal for a member of the army to trade minerals.

Global Witness' research confirms that neither Alfa Gold in Bukavu nor Alfa Gold Corp DMCC in Dubai published an annual report for 2015 describing their mineral sourcing and efforts to identify and reduce supply chain risks (as set out in the OECD guidance). This is in direct contravention of Congolese law and of the supply chain guidance for market participants in the gold and precious metals industry in the UAE.<sup>100</sup>

The Kun Hou gold that profited armed men in Shabunda consequently made its way into global supply chains. Its final buyer is unknown, but some of the gold may have made its way into the UK.

A British company, Alfa Gold Corp Ltd, which operates out of London's exclusive Hatton Garden area is a 100% controlled subsidiary of Alfa Gold Corp DMCC in Dubai, and part of the same group as Alfa Gold in Bukavu.<sup>101</sup> This potentially exposes people shopping in London's best known jewellery district to a company linked to gold trades that have funded armed abuses in eastern Congo.

Franck Menard and his colleagues must have known about the laws and standards – designed to allow responsible sourcing from high-risk areas – that they were breaking in eastern Congo. During the boom, Menard and Michael Wang both attended international supply chain due diligence conferences organised by the OECD, where Congolese laws and international trading standards were discussed in detail over three days.<sup>102</sup>

Alfa Gold in Bukavu was not alone. Global Witness' research shows that none of the six gold trading houses exporting artisanal gold from South Kivu in 2014 or 2015 publicly reported on their supply chain due diligence on the gold that they bought, let alone to the standards required by Congolese law. This leaves them exposed to the possibility that their gold purchases linked them to conflict or abuses.<sup>103</sup> All of South Kivu's official gold exports for 2014 and 2015 went to Dubai.



Photo: istockphoto

**JLT Free Zone Dubai, home of the DMCC and Alfa Gold Corp DMCC Dubai.**

An employee at Cavichi, the other of Bukavu's trading houses known to have bought gold from Shabunda and exported it to Dubai in 2014, told Global Witness in a 2015 interview that his company had no responsibility for "knowing where the gold is from – that's the role of the Congolese state".<sup>104</sup> This shows total disregard or ignorance of the law.

In 2014 and 2015 Cavichi also exported gold to its sister trading house in the UAE, Cavichi Dubai. Similar to Alfa Gold Corp DMCC, Cavichi Dubai also does not seem to have carried out required due diligence to international standards on their supply chain.

Global Witness wrote to both Alfa Gold and Cavichi in Dubai and Cavichi in Congo, outlining the findings of this report and requesting a copy of their annual supply chain due diligence report.<sup>105</sup> Cavichi in Congo was the only company to respond. Its director Malgache Malyanga said that "all the operations of our company are done with strict respect for Congolese law" and that the company only buys gold from "traders who have an identity card issued by the South Kivu provincial authorities". He added that Cavichi in Congo was a new company, barely two years old and set up "by the book", that wished to be a "role model, determined to make positive contribution" to Congo's extractives industry. According to Mr Malyanga, several internal mechanisms had been put in place by the company related to OECD supply chain due diligence.

In South Kivu, provincial authorities failed to enforce Congo's domestic due diligence laws introduced in 2012 that require all companies operating in the country's gold sector to undertake supply chain checks in line with internationally recognised OECD due diligence guidance.<sup>106</sup> As a result of the provincial authorities' failure to enforce the law, Kun Hou and those firms who internationally traded Kun Hou's gold bought and sold mineral with impunity that had funded armed men. As long as companies face no consequences for breaking these supply chain laws, Congo's own efforts towards reforming its gold supply chains will remain seriously undermined.

Shabunda's gold trade also shows that the guidance<sup>107</sup> introduced by the Dubai Multi Commodities Centre (DMCC) in 2012 requiring all DMCC members and non-members that trade gold and precious metals to undertake supply chain checks on the metal they trade is not working effectively. As long as Dubai's regulators fail to ensure that companies like Alfa Gold Corp and Cavichi Dubai operating in its jurisdiction undertake robust supply chain checks, the UAE will continue to act as a commercial outlet for metal that is perpetuating corruption and abuses. And, gold that may be linked to conflict from high-risk places in parts of eastern Congo, the Central African Republic,<sup>108</sup> Colombia<sup>109</sup> and elsewhere will continue to find a place on the international market.

UN and NGO reports, such as Global Witness' 2014 City of Gold, have repeatedly questioned Dubai's role as a conduit for the global trade in high-risk gold.<sup>110</sup> The city continues to be one of the principle destinations globally for suspect gold and its refineries are amongst those at risk of facilitating trade in gold linked to child labour,<sup>111</sup> money laundering<sup>112</sup> and conflict.

While authorities in Congo and Dubai have a responsibility to ensure domestic supply chain

legislation is met, Chinese authorities overseeing Chinese company behaviour overseas also have a role to play. Recent Chinese industry due diligence guidelines for responsible mineral supply chains based on the OECD guidance provide a framework for Chinese companies like Kun Hou Mining to use to undertake checks on the gold that they produce and trade to ensure that their operations are not linked to harms.<sup>113</sup>

## ICGLR certificates: why they matter

A regional scheme set up by Congo and its neighbouring states should also be clamping down on harmful mineral trade and facilitating access to market for responsible operators, but it still needs to show its worth.

Congolese law stipulates that gold may only be exported from the country if it is accompanied by a certificate issued by the *Centre d'Evaluation, d'Expertise et de Certification* (CEEC). The CEEC certificate is supposed to confirm that the gold is from a mine that satisfies the requirements laid out by the Regional Certification Mechanism (RCM), a due diligence scheme established by an inter-governmental organisation of 11 states,<sup>114</sup> the International Conference on the Great Lakes Region (ICGLR).<sup>115</sup>

The ICGLR has set the standards for traceability and certification of conflict-prone minerals in the Great Lakes region. These standards are, on paper, fully compliant with the OECD due diligence guidance.<sup>116</sup>

For mines in South Kivu and elsewhere in Congo to satisfy RCM requirements they first have to be validated 'green' by a team of experts known as a validation team.

Very few of South Kivu's gold mines are currently validated however and the validation process as carried out in Congo has been widely criticised.<sup>117</sup> More importantly, with the exception of the Just Gold pilot project in Ituri Province, no chain of custody system is currently operational in Congo's artisanal gold sector. Until a second Just

Gold project, or similar, is fully operational in South Kivu (planned for late 2016), certificates in the province will continue to be issued without adequate controls in place. This report shows that in the absence of a reliable chain of custody system, individuals and companies in South Kivu trading gold that is not from a validated site have falsified its origin in order to claim that it is from a validated site, acquire a certificate and export internationally. In some cases members of South Kivu's CEEC know that the origin of the gold is incorrect, but issue a certificate anyway.<sup>118</sup>

Such manipulation of the ICGLR certificates erodes their value and credibility. It also serves to undermine the ICGLR certification process as applied to tin, tantalum, tungsten and gold in Congo and risks undermining efforts of neighbouring states. Gold traders and refiners looking to buy Congolese gold compliant with international supply chain due diligence standards are unlikely to have confidence in South Kivu's gold and its paperwork.

The newly-appointed Independent Mineral Chain Auditor (IMCA) must urgently address this misuse of ICGLR certificates. If the IMCA lives up to its potential, it will prove to be an important additional tool for companies to carry out due diligence checks. From their side, the Congolese government must ensure that its mining authorities follow the requirements of the Regional Certification Mechanism and do not undermine the credibility of a system that could, once properly running, play an important role in establishing responsible mineral trading across the entire region.

# 4 | Why all of this matters for Congo and the implications for international companies

**Eastern Congo's mineral wealth has the potential to generate much needed revenues for the state and Congo's eastern provinces. A responsibly managed artisanal gold sector could benefit local communities for generations to come.**

But as long as the artisanal gold sector is manipulated by predatory companies, armed groups and corrupt officials, the mineral wealth is lining the wrong pockets. In this election year the Congolese government must make eastern Congo's gold sector a priority for reform.

In addition, the recent slump in international commodities prices has had huge negative repercussions for Congo's economy, which depends almost exclusively on natural resources for its export earnings. Government revenues have collapsed and the national budget was slashed by 22% in May 2016, despite the urgent need for money to pay for elections that are due to be held in November 2016 but now look likely to be delayed. Although gold prices are beginning to rise after a sustained decline, and of less importance to Congo than those of other strategically important exports like copper and oil, a functional gold sector is important for generating export revenues for the treasury in this time of economic malaise and important – though costly – elections.

Important decisions lie ahead for the national and provincial governments. Revision of Congo's mining law is still on the parliament's agenda – and with it come opportunities to include supply chain due diligence requirements into Congo's central legal text governing the country's artisanal and industrial mining, and to clarify the law around dredging. Donor initiatives such as the USAID-led Capacity Building for Responsible Minerals Trade (CBRMT) also provide openings for improved and more transparent institutional management of eastern Congo's mineral wealth.<sup>119</sup>

New trading models are emerging that, although nascent, have potential to pave the way for responsible way of doing business in eastern Congo's

artisanal gold sector. A gold exporter in Congo's Ituri Province recently took steps to implement international due diligence standards as part of Partnership Africa Canada's Just Gold responsible trading project that aims "to bring legal, conflict-free artisanal gold from Democratic Republic of Congo to international markets".<sup>120</sup> This is a first for a gold trader operating in Congo's artisanal gold sector.

For models like Just Gold to scale up and for a responsible, transparent artisanal gold sector to become the norm, the Congolese government must begin by enforcing its existing mining and supply chain due diligence laws.

## **An urgent role for the Congolese government**

Before wealth generated from eastern Congo's artisanal gold – like that along the Ulindi – can be used for the common good, the Congolese government must take urgent action to put its house in order. Shabunda's gold boom highlights how much is in need of urgent attention by the state. As a first and critical step, the Congolese government must address impunity within state mining authorities. Provincial authorities who fail in their duties to oversee artisanal gold mining – or any natural resource sector – must be held to account. State agents who abuse their individual obligations should be investigated, and prosecutions initiated against those found responsible.

International attempts to conduct supply chain checks on artisanal gold coming from Congo are made all the more challenging when provincial authorities act outside the law. Although companies buying artisanal gold from eastern Congo have an individual responsibility to conduct their own supply chain checks, state-generated information about the sector can inform a company's due diligence. The Congolese government at national and provincial levels must take urgent steps to ensure that information recorded

by state mining authorities is credible and correct. Failure to do so will deter potential responsible companies and investors from buying legally produced artisanal gold from eastern Congo.

Finally, the Ulindi's boom underscores the need to develop comprehensive laws to cover river dredging for Congo's minerals – and enforce them. Uncontrolled dredging along the Ulindi is just one example of this increasingly common practise. NGOs have reported how semi-industrial dredgers in Ituri Province, formerly Orientale Province,<sup>121</sup> operate in the same legal grey zone as those in Shabunda. The provincial Minister of Mines of the former Orientale Province officially reported the same problem in 2015.<sup>122</sup> The UN has reported on dredgers that benefit an armed group along the River Osso in Walikale territory, North Kivu in recent years.<sup>123</sup>

### International companies and their obligations

Although the Congolese government at national and provincial levels has much to do to address domestic problems in its gold sector, companies right along gold supply chains must also do more to examine and respond to the realities of their sourcing practises.

Congolese law related to supply chain due diligence means that where companies discover red flags, such as gold that may have funded armed groups such as the Raia Mutomboki, either through production or taxation or otherwise, companies must work to address these risks. They also have a duty to include this information in an annual due diligence report.

As this report has made clear companies all along the supply chain are failing to undertake robust and meaningful risk management and annual public reporting that includes specific detail about identified supply chain risks and how these have been addressed. To fully assess and address risks in their supply chain companies must tackle a wide range of issues, including the worst forms of child labour and other serious human rights abuses such as physical abuse or significant health impacts.

The OECD due diligence guidance makes clear that responsible supply chain management should not be viewed as an exercise in perfection – rather it is about progressive engagement and improvement over time, including when sourcing from artisanal and small-scale (ASM) producers. The guidance is global in scope and not limited to just one geographic region.

However, many downstream companies appear unwilling to face up to the often challenging realities of upstream artisanal supply chains. In an endeavour to shortcut to “conflict-free” status, several US companies reporting under US conflict mineral legislation (Section 1502 of the Dodd Frank Act, which is only focused on the African Great Lakes region) explicitly encouraged their suppliers to withdraw from the nine countries covered by the law, including Congo,<sup>124</sup> rather than remaining engaged in a responsible manner.<sup>125</sup> These firms appear to have opted to impose overly stringent compliance requirements on their suppliers rather than carrying out risk-based supply chain due diligence as intended by the OECD, which would allow them to engage in responsible sourcing from the region. This approach is both counter-productive and irresponsible: whole-scale disengagement from the artisanal mining sector almost always has harsh consequences for the miners' livelihoods.<sup>126</sup>

Where end-user companies participate in industry schemes to support their due diligence efforts, they must ensure that these schemes are also actively engaged in efforts to source responsibly from high-risk areas like Congo, rather than simply avoiding them. The Conflict Free Smelter Programme (CFSP) – a metal processing company certification scheme which plays a central role in many US companies' responsible mineral sourcing efforts<sup>127</sup> – has taken recent steps to ensure that its member smelters and refiners remain responsibly engaged in the Great Lakes region. But CFSP must do more to ensure its member metal processors publish comprehensive information about supply chains risks identified, addressed or mitigated so that these can be understood right down the supply chain, as recommended by Step 5 of the OECD guidance. The current CFSP protocol revision is an opportunity to do this.<sup>128</sup>

Efforts to engage international companies and promote shared learning to establish responsible artisanal gold sourcing are being developed. The Responsible Artisanal Gold Solutions Forum is a multi-stakeholder coalition seeking to learn about and address critical barriers to the production and trade of artisanal gold from the Great Lakes Region in a way that verifiably meets national, regional and international laws and standards for responsible sourcing.<sup>129</sup> The Public Private Alliance also brings together companies, governments and civil society to work to support verifiable and responsible supply chains from the Great Lakes region.<sup>130</sup> It is only with concerted action from both ends of supply chains, and at all the key points along them, that the problem of human rights abuses and conflicts fuelled by mineral trading will be overcome.

# Recommendations

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The recommendations listed below are considered the most pressing in terms of Shabunda's gold sector and gold supply chains as described in this report. More broadly, the population of Shabunda town and territory are in desperate need of access to other productive livelihoods. Beyond the minerals sector, a much wider ranging set of actions at both national and provincial levels are needed to address insecurity and improve infrastructure, in particular road building and basic services for the population, in Shabunda and across eastern Congo.

## For Kun Hou Mining and its subsidiaries

South Kivu's provincial authorities must stop the company's illegal activities along the Ulindi River – and elsewhere in the province – and launch a formal investigation into its operations. The company, its partners and subsidiaries must:

- Publicly declare gold production and export statistics since the beginning of operations along the Ulindi River.
- Publicly declare the full extent of its funding and gifts in kind to Raia Mutomboki armed groups operating along the Ulindi River in Shabunda territory.
- Publicly declare taxes and other payments made to the Congolese state at provincial and national level since the company began operating in the country.

## For national and provincial mining authorities regarding companies

Many of the broader reforms required to clean up Congo's artisanal gold sector are outside of the scope of this report and have been covered elsewhere.<sup>131</sup> For gold supply chains from Shabunda and South Kivu more widely, the provincial and national mining authorities must:

“

*As long as the artisanal gold sector is manipulated by predatory companies, armed groups and corrupt officials, Congo's mineral wealth is lining the wrong pockets.”*

- Ensure that companies producing and trading Shabunda's gold respect Congolese mining and supply chain laws and undertake supply chain due diligence in line with international OECD guidance including annual public reporting on their efforts as required by Congolese law.
- Congolese authorities must cease the operations of Kun Hou Mining – and other Chinese and non-Chinese semi-industrial companies found to be operating illegally – until they can demonstrate compliance with Congolese law, including its supply chain due diligence obligations.
- Hold to account companies that fail to implement the law or report on their due diligence efforts publicly and in full. Where companies do not have a website, the Congolese government should host company due diligence reports on the national Ministry of Mines website.
- Clarify domestic law surrounding the rules of operation and taxation schemes for mining dredging machines at artisanal, semi-industrial and industrial levels. Ensure that lists of dredge owners and their real (or beneficial) owners are complete, kept up to date and made publicly available.
- Renew efforts to revise the national Mining Law and ensure the new law explicitly requires companies to undertake comprehensive supply chain due diligence that meets the standard set by the OECD (this requirement is at present a decree).<sup>132</sup> This is necessary in order to ensure that companies address all types of supply chain transactions, including rights abuses and links



to armed activity, and not limit efforts to tracing minerals to mine of origin. The new law must also retain crucial conflict of interest clauses present in the existing legislation that ban politicians and senior army figures from owning mine rights and explicitly exclude Congo's army from any involvement in the mineral trade.<sup>133</sup>

- Publish on at least an annual basis, comprehensive and disaggregated production statistics for all artisanal gold mining taking place in areas where local mining officials are present, including those officials stationed in areas not officially designated for artisanal mining (ZEAs).
- Enable artisanal gold miners operating in Shabunda (and elsewhere in South Kivu) to work in conformance with Congolese law and in order to promote a legal trade in Congo's gold by increasing the number of artisanal mining zones (ZEAs) so that they properly correspond with the areas currently mined artisanally.
- In addition, the process by which artisanal mine sites (gold or other) are 'validated' must be urgently reviewed such that validation becomes much more nimble, cost efficient and honest, as long as validating mines remains a domestic requirement. Mine site validation reports to date should be made public.

### **For national and provincial mining authorities regarding the activity and rights of those living and working in artisanal mining communities**

Provincial and national mining authorities must take urgent steps to better protect the hundreds of thousands of artisanal miners working in eastern Congo and ensure that communities living in mineral rich areas receive a fair and tangible return on their mineral wealth while it is exploited. Specifically, mining authorities should:

- SAESSCAM must be urgently reformed or else disbanded. Senior SAESSCAM staff seriously failing in their mandated duties should be investigated and, where appropriate, prosecuted.
- Where SAESSCAM continues its field operations it must operate strictly within the confines of its legal mandate and stop taxing artisanal miners operating outside of Artisanal Mining Zones, including in Shabunda. Where SAESSCAM agents operate in gold mining areas they must support artisanal gold diggers – as per their mandate – with proper tools, equipment and training.



Shabunda town, South Kivu.

- Support local or community monitoring of mines as a way of recognising and addressing supply chain risks and preventing abuses. Authorities should consider and respond to local and provincial level monitoring reports in a timely and transparent way. Local and provincial level reports should be made public, as should minutes of Local and Provincial Monitoring Committee (*Comité Provincial de Suivi*) meetings, including being hosted on South Kivu's provincial government's website.
- Where future gold mining/dredging projects are initiated with companies exploiting gold in Shabunda territory or elsewhere in eastern Congo, the national government and provincial authorities must ensure that good faith consultations are held with local people in advance. This should be done in accordance with emerging best practice within international law, conventions and business standards, including the UN Voluntary Guidelines on Responsible Governance of Land,<sup>134</sup> Article 15 of ILO Convention 169 and the Chinese Responsible Mining Guidelines.<sup>135</sup> Companies considering such projects must avoid extracting or sourcing resources from land where the free, prior and informed consent of local communities and indigenous peoples has not been obtained, including those for which the extractor holds a legal title, lease, concession or license.
- As part of their independent due diligence efforts, downstream companies including gold refiners that buy, trade or manufacture gold should support efforts to bring legal and responsibly sourced gold from artisanal mine sites in Congo to the international market.
- Downstream companies along gold supply chains must continue to engage in high-risk areas, using the OECD guidance to help them support legitimate parts of gold supply chains and cut out those which are harmful. Companies must not adopt an over-stringent interpretation of the guidance that entails avoiding risk or boycotting particular areas: such an approach is not responsible sourcing and will likely cut artisanal miners out of the supply chain, making companies responsible for negative livelihood impacts. Rather, companies should use the OECD guidance to develop strategies that allow them to identify and respond to their supply chain risks in a responsible way. As the guidance makes clear disengaging with suppliers is only appropriate "in cases where mitigation appears not feasible or unacceptable".<sup>136</sup>
- Companies under the scope of international laws including Section 1502 of the Dodd Frank Act must undertake rigorous supply chain checks on their gold supply chains to have proper assurance that the gold in their supply chains did not fund conflict or human rights abuses in Congo or other high-risk or conflict-affected areas. It is critical that these companies do not rely exclusively on paper trails or attempt to outsource this responsibility to an industry scheme. They have individual responsibility for the quality of their supply chain due diligence.

### For international companies:

- International companies, including gold traders, gold refiners and manufacturing companies, that buy gold directly and indirectly from Dubai and other gold trading hubs must undertake comprehensive due diligence checks on gold supply chains and publicly report on risks and how they are addressed in line with international OECD guidance.
- While gold traded and refined in Dubai should have the highest levels of due diligence applied for reasons outlined in this report, all companies along gold supply chains should conduct thorough risk assessments on gold originating in other high-risk or conflict-affected areas. These companies must also publish annual reports in accordance with the OECD due diligence guidance that describe the steps taken to assess risk along the supply chain, specific details about the actual or potential risks identified and risk management efforts. Gold refiners should also publish their audit reports as described in Step 5 of the OECD guidance.

### For Chinese authorities:

- The Chinese Ministry of Commerce, the Chinese embassy in Congo and the Chinese Chamber of Commerce for Metals, Minerals and Chemicals Importers and Exporters (CCCMC) should ensure that Kun Hou Mining, and other relevant Chinese companies, are aware of and implementing the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains in order to identify, prevent and mitigate human rights risks.

# Endnotes

- 1 OSISA, 2013, "The High Cost of Congolese Gold", [http://www.osisa.org/sites/default/files/high\\_cost\\_of\\_congolese\\_gold\\_final.pdf](http://www.osisa.org/sites/default/files/high_cost_of_congolese_gold_final.pdf), p.16. Using an international gold price of US\$38.5/g the estimated 26 million ounces (737,087kg) would be worth \$28,377,849,500.
- 2 Global Witness calculations for the volumes of artisanal gold produced during the gold boom along the Ulindi River are based on documents collected and interviews during fieldwork in Shabunda town in January and March 2015 and in Bukavu in 2014 and 2015 and documents provided by South Kivu's mining agency SAESSCAM and Mining Division, as well as estimations provided by an industry expert familiar with Kun Hou's operations along the Ulindi River. We estimate that the four semi-industrial dredging machines owned by Kun Hou Mining produced around 460kg of alluvial gold per year and over 150 locally-made artisanal dredging machines produced between 550kg and 720kg for the same period. In total we estimate that the two types of machines produced 1,010kg to 1,180kg. To calculate the value of this gold we used a gold price of \$38.5/gram, which is an average for the international gold price spanning the period of the gold boom (exact range for calculations is between \$38.89 million and \$45.43 million). Gold traders interviewed by Global Witness in Shabunda town were selling their gold at the international market price, a phenomenon that is not uncommon at artisanal gold sites in eastern Congo See endnote 3 on calculations for artisanal gold production and taxes by Raia Mutomboki armed groups and endnote 43 on Kun Hou Mining calculations.
- 3 Global Witness estimates that 150 locally-made artisanal dredging machines produced between 550kg and 720kg per year during the gold boom. This estimation was made on the basis of three separate sources including interviews with dredge workers on the Ulindi River and other documents from Shabunda and Bukavu. From these we identified a range of average weekly gold production for artisanal dredgers between 77g and 100g. (The first is partial data from SAESSCAM South Kivu breaking down artisanal dredge production on the Ulindi over a three week period by dredger that shows an average of 77g of gold produced per artisanal dredge per week. The second is from statistics from a gold trading house based in Shabunda town that owns dredgers operating on the Ulindi, which show an average production of 99g per dredge per week. The third data point comes from interviews with dredge workers active along the Ulindi River from which we take an estimated weekly production of around 100g.) Dredge production varies from week-to-week and depending on deposits along the river, as well as other factors including weather and mechanical breakdowns. Also, due to the clandestine way in which the Ulindi's gold has been managed and traded only general estimates are possible. Global Witness estimates assume gold production along the Ulindi based on 150 dredgers working for 48 weeks per year thereby setting aside one month per year for breakdowns and other production stoppages. (Exact calculations are: 77g per week produced by 150 dredgers working 48 weeks a year equals 554.4kg and 100g per week produced by 150 dredgers working 48 weeks a year equals 720kg.) Several sources estimate that 50 of the 150 dredgers on the Ulindi were operating in an upstream portion of the river under control of Raia Mutomboki armed groups. Dredge workers on the Ulindi River told Global Witness in March 2015 that Raia Mutomboki groups on each side of the river taxed dredgers in areas they control 5g of gold per group twice per month – this amounts to almost \$20,000 per month for the groups. Added to these payments, each dredge worker operating in areas controlled by armed groups must pay them 1000 Congolese Francs per week. Dredge workers showed Global Witness receipts ('jetons') for these payments. Finally, dredges regularly have to contribute 'rations' to armed groups of up to 80,000 Congolese Francs per month. Taken together this amounts to up to \$25,000 per month earnings for the armed groups. (Exact calculations: 5g collected twice per month from 50 dredgers equals 500g per month, using a price of \$38.5/g is the equivalent of \$19,250. For 'jetons', 50 dredgers each with 10 workers paying 1000 Congolese Francs each week equals 2,000,000 Congolese Francs per month. Rations of 80,000 Congolese Francs per dredge for 50 dredgers per month equals 4,000,000 Congolese Francs. At an exchange rate of 960 Francs to 1 US dollars, this combined 6,000,000 Congolese Francs is worth \$6,250. The \$19,250 taxed in gold plus the \$6,250 taxes on dredge workers and 'rations' equals \$25,500 per month.) These calculations do not include other taxes by armed groups including a mooring payment of \$500 per dredge. Other groups operating under the name "Raia Mutomboki" may also have imposed taxes during the same period but are not included in these calculations. See also COSOC-GL (Coalition of Civil Society Organisations in the Great Lakes Region), 2015, "Etude sur les pratiques de dragages à Shabunda: La ruée vers l'or à Shabunda", <http://cosoc-gl.org/2015/la-ruée-vers-lor-a-shabunda/>, Section 4; Tages Anzeiger, December 2015, Goldrausch im wilden Osten, <http://www.tagesanzeiger.ch/wirtschaft/goldrausch-im-wilden-osten/story/20233121>
- 4 Publicly available annual export reports compiled by the provincial Mining Division in Bukavu show that all of Alfa Gold DRC's legal gold exports from South Kivu in 2014 and 2015 were exported to Alfa Gold Dubai.
- 5 IPIS, 2014, "Analysis of the Interactive Map of Artisanal Mining Areas in Eastern DRC: May 2014 update", <http://ipisresearch.be/publication/analysis-interactive-map-artisanal-mining-areas-eastern-drc-may-2014-update/>, p.11
- 6 Global Witness has seen official documents from the provincial Ministry of Mines in (former) Orientale Province, dated February 2015, which detail illegal activities and environmental damage by semi-industrial dredges along the River Ituri and River Aruwimi, Ituri; see also research conducted by PAX, 2015, "Exploiter (dans) le désordre Cartographie sécuritaire du secteur aurifère à Mambasa occidentale" <http://www.paxchristi.net/news-media/resources-pax-christi-member-organisations/>; and Southern Africa Resource Watch (SARW), 2014, "Congo's Golden Web: The people, companies and countries that profit from the illegal trade in Congolese gold" [http://www.sarwatch.org/sites/sarwatch.org/files/Publications\\_docs/congogold3web.pdf](http://www.sarwatch.org/sites/sarwatch.org/files/Publications_docs/congogold3web.pdf) p.38
- 7 See for example: Stop-Pillage, 2013, TRIAL, 2013, "TRIAL files a criminal denunciation to the Swiss Federal Prosecutor against a Swiss refinery company suspected of laundering looted gold from the Democratic Republic of the Congo"
- 8 Global Witness, 2015, *Global Witness welcomes progressive new Chinese Mineral Supply Chain Guidelines*, <https://www.globalwitness.org/en-gb/press-releases/global-witness-welcomes-progressive-new-chinese-mineral-supply-chain-guidelines/>
- 9 Global Witness interview, Shabunda town, March 2015.
- 10 For example Congo has ratified all eight of the ILO fundamental conventions, which are legally binding international treaties [http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:102981](http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102981)
- 11 See also *Civil Society Statement at the 10th Forum on Responsible Mineral Supply Chains* <https://www.globalwitness.org/en/campaigns/conflict-minerals/civil-society-statement-10th-forum-responsible-mineral-supply-chains-paris-10-12-may-2016/>
- 12 Partnership Africa Canada (PAC), 2015, "Just Gold", <http://www.pacweb.org/en/just-gold>
- 13 COSOC-GL, 2015
- 14 SARW, 2012, "Conflict Gold to Criminal Gold: The new face of artisanal gold mining in Congo" <http://www.osisa.org/other/economic-justice/drc/conflict-gold-criminal-gold-new-face-artisanal-gold-mining-congo> p.21
- 15 IPIS, May 2014
- 16 South Kivu officially exported \$12,575,979 (2014) and \$2,881,664 (2015) worth of artisanal gold, according to annual export reports compiled by the provincial Mining Division.
- 17 Using data collected during 2013 and 2014, IPIS estimated that Congo's annual artisanal gold production is 8,000kg-10,000kg (IPIS, "Mineral supply chains and conflict links in eastern DRC: 5 years of implementing supply chain due diligence", published by OECD, 2015, p.24). The Congolese Ministry of Mines' official artisanal gold export statistic for 2014 is 632.51 kg. A comparison of these figures suggests that in 2014 only around 6-8% of artisanal gold was exported legally.
- 18 See for example: Human Rights Watch, 2005, "The Curse of Gold", <https://www.hrw.org/report/2005/06/01/curse-gold>; Human Rights Watch, 2012, *DR Congo: Arrest Bosco Ntaganda for ICC Trial*, <https://www.hrw.org/news/2012/04/13/dr-congo-arrest-bosco-ntaganda-icc-trial>; IPIS, 2014.
- 19 Gregory Mthemba-Salter, Phuzumoya Consulting, 2014, "Baseline study two: Mukungwe artisanal mine, South Kivu, Democratic Republic of Congo", <https://www.oecd.org/daf/inv/mne/Gold-Baseline-Study-2.pdf>, p.166.

- 20 See for example: Final Report of the Group of Experts on the DRC, S/2012/843, 15 November 2012; Final Report of the Group of Experts on the DRC, S/2014/42\*, 23 January 2014.
- 21 Global Witness interviews with gold traders and officials, Lugushwa, South Kivu, April 2015.
- 22 Global Witness interviews with artisanal gold diggers and traders and local officials, Lugushwa, Mwenga territory, South Kivu, April 2015. Global Witness interviews with artisanal gold diggers and traders, Kamituga, Mwenga territory, South Kivu, November 2013, August 2014, April 2015. See also Global Witness, 2015, "Mining For Our Minerals: Meet the Men and Women Who Work in the Congolese Mines to Supply International Companies Insatiable Demand for Tin, Tantalum, Tungsten and Gold", <https://www.globalwitness.org/mining-for-our-minerals/>
- 23 Internationally recognised due diligence guidance set out by the OECD has been available to companies sourcing minerals from conflict-affected and high risk areas, including Congo, since 2010. While public commitment to the standard set by the OECD guidance has grown in this time, governments and companies have much still to do for the original intention of the standard to be met. In mineral supply chains in eastern Congo practical implementation of the OECD guidance by companies - and its enforcement by the state - in tin, tantalum and tungsten (3T) supply chains is severely limited in most cases. Further, slow implementation combined with the decision by some international buyers to specifically avoid 3T from the Congo in response to U.S. legislation introduced in 2010 has led to additional challenges for artisanal miners in some 3T mines. In some cases this has prompted diggers to abandon artisanal 3T mining and move in to the gold sector, where supply chain scrutiny is significantly lower and international market controls are much weaker than those along 3T supply chains. See for example: Ben Radley and Christoph Vogel, 2015, "Fighting windmills in Eastern Congo? The ambiguous impact of the 'conflict minerals' movement". The problem of gold fuelling conflict in eastern Congo is longstanding, see Human Rights Watch, 2005.
- 24 Global Witness interviews with dredge workers in Shabunda town, Shabunda territory, South Kivu, March 2015.
- 25 COSCO-GL, 2015
- 26 COSOC-GL, 2015
- 27 Global Witness interview with local business owner, Shabunda town, Shabunda territory, South Kivu, April 2015.
- 28 Global Witness interviews, March 2015
- 29 Global Witness interview, March 2015 and letter from Shabundan civil society group OBACODESHA to national Minister of Mines, dated 11 August 2014.
- 30 Official production statistics obtained from SAESSCAM office in Shabunda, March 2015, held by Global Witness.
- 31 Global Witness estimates are based on interviews during fieldwork in Shabunda town in January and March 2015 and documents provided by South Kivu's mining agency SAESSCAM and the Mining Division, as well as estimations provided by a whistle-blower from Kun Hou Mining. Based on best estimates of gold production per hour and the number of hours worked by rotating teams per month (20 hours per day, 6 days per week), we calculate that each of Kun Hou's mechanised dredgers produced on average 3kg of gold per week. Official documents from SAESSCAM show that over a nine-month period in 2014 and 2015 on average just over 3 of Kun Hou's dredgers were operating on the Ulindi River at any one time. If we assume Kun Hou's dredgers worked 48 weeks in the year, this comes to an annual total gold production for Kun Hou of 460.8kg worth \$17,740,800 at a price of \$38.5/g or 393.6kg worth \$15,153,600 for a nine month period. (Exact calculations: 3kg gold produced per dredger per week by an average of 3.2 dredgers operating 48 weeks in the year equals 460.8kg). Kun Hou's declared annual exports according to statistics from South Kivu's Mining Division were only 12kg worth around \$462,000 at \$38.5/g. This means that an estimated \$17,278,800 worth of gold produced by Kun Hou was not legally exported. Kun Hou Mining did not respond to requests for clarification on its gold production.
- 32 Correspondence seen by Global Witness, March 2016.
- 33 Global Witness interviews with provincial mining authorities in Bukavu, South Kivu, April 2015 and November 2015. See also: COSOC-GL, 2015.
- 34 Kun Hou Mining SARL in Congo, Kun Hou Mining Group Uganda and Shijiazhuang Kun Hou Trading Limited Company all share two directors, Qiu Wei and Zhang Ximing. Global Witness does not allege any wrongdoing by these individuals or that they were aware of Kun Hou's activities in Shabunda. The exact nature of the relationship between the three companies is unknown. Representatives of Kun Hou Mining in Congo and Uganda failed to respond to Global Witness' questions on the subject.
- 35 Global Witness interview with whistle-blower, December 2015.
- 36 Correspondence seen by Global Witness, March 2016; Letter no/ref: 01/0531/CAB/GOUPRO-SK/2015 from South Kivu's Governor Marcellin Cishambo to national Minister of Mines Martin Kabwelulu, dated 7 December 2015.
- 37 Global Witness holds copies of three of these agreements, between Kun Hou Mining and cooperatives Byaika, Tuyuke, and Kitundu. Letter N/Ref: 386/CAB/MINI-PRO/MREH/SK/2013 dated 16 December 2013 from South Kivu's Minister of Mines Adalbert Murhi Mubalama to Michael Wang notes that agreements were signed between Muka for Kun Hou Mining and cooperatives Byaika, Tuyuke COOMIDET, MOBOTO COOMIMO and BAGABO COOMIGA.
- 38 Kun Hou appears to have run into problems with at least one of these cooperatives. In correspondence seen by Global Witness between Byaika and South Kivu's (former) provincial Minister of Mines Adalbert Murhi, a representative of Byaika claims that Kun Hou broke the terms of their agreement and now owes the cooperative \$173,000.
- 39 Kou Hou's application for company registration was made on 15 December 2014 and approved by Kinshasa Companies House on 27 January 2015.
- 40 Correspondence seen by Global Witness, March 2016; Letter no/ref: 01/0531/CAB/GOUPRO-SK/2015 from South Kivu's Governor Marcellin Cishambo to national Minister of Mines, dated 7 December 2015.
- 41 Journal Officiel, "Loi N° 007/2002 Du 11 Juillet 2002 Portant Code Minier" Titre III makes clear that operators who want to mine with small-scale or industrial techniques require a permit whose application requires: a feasibility study, a plan for the development of local communities and the approval by the Environment Ministry of an Environmental Impact Study and a Plan for the Environmental Management of the project. This is meant to ensure that mining is done in good conditions, benefits local populations and does not harm the environment. Kun Hou Mining does not appear to have undertaken any of these requirements. Further, there are no exploitation permits granted for the area where Kun Hou operated, according to the "DRC Mining Cadastre Portal - Supported by Spatial Dimension - Developers of FlexiCadastre."
- 42 Loi N° 007/2002 du 11 juillet 2002 portant code minier, article 26; COSOC-GL, 2015
- 43 Lettre no.Cab.Min/Mines/01/2018/2015 dated 22 December 2015 from national Minister of Mines to the Governor of South Kivu Marcellin Cishambo, stating "Quant à la vente de 2 kilos d'or au comptoir Alfa Gold, le ressort des vérifications faites auprès des services du Ministère des Mines que ce comptoir n'a pas renouvelée son agrément pour les exercices 2014 et 2015, à telle enseigne qu'il n'est pas autorisé à effectuer des opérations d'achat et de vente d'or artisanale".
- 44 Calculation based on Global Witness' estimation that Kun Hou semi-industrial dredging machines produced around 460kg per year and only officially exported 12kg. Based on a tax rate of 2% on value of produced material, minus transport costs and other fees at 15% as per Congolese law.
- 45 Global Witness interviews with an industry source close to the company, December 2015. The source stated that it was extremely unusual for any company working in the artisanal gold sector in a high-risk area to store significant volumes of gold on their premises for any length of time.
- 46 Letter N/Ref: CG/FM/10/2014 from Franck Menard to South Kivu's provincial Minister of Mines Adalbert Murhi (no date) claiming that "suite à la découverte d'un corps sans vie sur la rivière Ulindi au niveau de notre base d'Itemene ou sont installés les techniciens chinois, un pillage a été organisé sur cette base par la population en colère, en date du 18 juin 2015 (cfr. photos en annexe). A cette occasion nous avons perdu tous les documents officiels de la Société et personnels des employés expatriés ainsi que tout la production que nous préparions pour l'exportation".
- 47 Global Witness interview with South Kivu's Minister of Mines Adalbert Murhi, Bukavu, South Kivu, November 2015. Following a reshuffle in April 2016, Adalbert Murhi was replaced as South Kivu's Minister of Mines by Apollinaire Bulindi.
- 48 Letter no/ref: 01/0531/CAB/GOUPRO-SK/2015 from South Kivu's Governor to national Minister of Mines, dated 7 December 2015.
- 49 Letter N/Ref: CG/FM/10/2014 from Kun Hou Mining employee Franck Menard to South Kivu's provincial Minister of Mines Adalbert Murhi (no date).
- 50 Letter no.Ref.no.MINES/354.7/078/2016 from South Kivu's Head of provincial Mining Division to national Minister of Mines, dated 3 March 2016.
- 51 Letter from OBACOFOSHA to national Minister of Mines, dated August 2014.
- 52 Letter No.CAB/PM/CEMI/AMT/2015/1263, dated 4 March 2015, from Prime Minister Matata Ponyo to national Minister of Mines; Letter No.CAB/PM/CEMI/ABB/2015/3547, dated 3 June 2015 from Prime Minister Matata Ponyo to national Minister of Mines. The results of the radioactive tests have not been made public or been replicated and there is some doubt about their accuracy.
- 53 Arrêté provincial no15/025/GP/SK du 13/07/2015 portant suspension des activités minières artisanales et semi-industrielles le long de la rivière Ulindi en territoire de Shabunda au Sud Kivu.
- 54 Public announcement by member of Congolese civil society, August 2015.
- 55 Global Witness interview, March 2015.
- 56 Letter No.CAB/MIN/MINES/01/1436/2015, dated 1 October 2015, from national Minister of Mines Martin Kabwelulu to provincial Governor of South Kivu Marcellin Cishambo.

- 57 Global Witness interview with an official in Bukavu, South Kivu, March 2016.
- 58 Letter no/ref: 01/0531/CAB/GOUPRO-SK/2015 from South Kivu's Governor Marcellin Cishambo to national Minister of Mines Martin Kabwelulu, dated 7 December 2015.
- 59 Global Witness interview with South Kivu's Minister of Mines Adalbert Murhi, Bukavu, South Kivu, November 2015.
- 60 Jason Stearns, 2013, "Raia Mutomboki: The Flawed Peace Process in the DRC and the Birth of an Armed Franchise" <http://riftvalley.net/publication/raia-mutomboki#.VyJczPkrLIU>; Christoph Vogel, 2013, "A closer look at the Raia Mutomboki", <https://christophvogel.net/2013/08/11/a-closer-look-at-the-raia-mutomboki/>
- 61 Judith Verweijen and Claude Iguma Wakenge, 2015, "Understanding Armed Group Proliferation in the Eastern Congo", <http://riftvalley.net/publication/understanding-armed-group-proliferation-eastern-congo#.VyJdnfkLIU>
- 62 Christoph Vogel, 2015, "The Landscape of Armed Groups in the Eastern Congo" <https://christophvogel.net/2015/11/20/the-landscape-of-armed-groups-in-the-eastern-congo/>
- 63 Global Witness estimate based on interviews and documents: see endnote 3 on calculations for artisanal gold production and taxes by Raia Mutomboki armed groups
- 64 Global Witness estimate based on interviews and documents: see endnote 3 on calculations for artisanal gold production and taxes by Raia Mutomboki armed groups
- 65 Global Witness interviews with dredge workers and officials, Shabunda town, Shabunda territory, South Kivu, March 2015.
- 66 COSOC-GL, 2015; Radio Okapi, October 2015, *Sud-Kivu: un chef milicien dépose les armes à Shabunda*, <http://www.radiookapi.net/2015/10/10/actualite/securite/sud-kivu-un-chef-milicien-depose-les-armes-shabunda>
- 67 Radio Okapi, February 2016, *Des miliciens Raia Mutomboki accusés d'enlèvements à Shabunda* <http://www.radiookapi.net/2016/02/02/actualite/securite/des-miliciens-raia-mutomboki-accuses-denlevements-shabunda>
- 68 Global Witness interviews with local people and officials, Shabunda town, Shabunda territory, South Kivu, March 2015.
- 69 Global Witness interviews with dredge workers, Shabunda town, Shabunda territory, South Kivu, March 2015.
- 70 Interview with dredge worker, Shabunda town, Shabunda territory, South Kivu, March 2015.
- 71 Letter from Raia Mutomboki Commander to Mr Musagi Mwamba, SAESSCAM officer in Shabunda town, dated 21 January 2015.
- 72 Global Witness interviews, Shabunda town, March 2015.
- 73 Global Witness estimate based on interviews and documents: see endnote 3 on calculations for artisanal gold production and taxes by Raia Mutomboki armed groups
- 74 Global Witness obtained a copy SAESSCAM's *Note Explicative a l'attention particulière de son excellence monsieur le gouverneur de la province de Sud Kivu*, dated 7 January 2015, that records annual production of 18.9kg of gold along the part of the Ulindi under "government control" in 2014. Production figures in the annex of the same note record annual production of 18.9kg plus an additional 4.8kg, totalling 23.7kg of gold produced from the Ulindi for the same period. However, Global Witness has obtained an earlier set of SAESSCAM official production statistics that confirm that the 4.8kg recorded in the explanatory note was in fact the volume of Ulindi artisanal gold production for just three weeks for only 21 artisanal dredgers. In the SAESSCAM explanatory note the 4.8kg figure is provided as an annual production figure. Based on conservative estimates Global Witness used SAESSCAM figures to calculate that the actual production for just 21 dredgers is more likely to be around 102kg of gold for one year. Based on this assumption, up to 83.6kg of gold is missing from the explanatory note to the Minister. (Exact calculations: 21 dredgers produced 4.822kg of gold in three weeks, or 1.61kg per week for 52 weeks, equals 83.6kg. Combined with the 18.9kg of gold production equals 102.5kg).
- 75 Estimate based on a 10% tax on artisanal gold production on the Ulindi of between 554.4kg and 720kg. (Exact calculations: 554.4kg and 720kg of gold at \$38.5/g is worth \$21,344,400 and \$27,720,000 respectively. A 10% tax on this total production would yield either \$2.13 or \$2.77m.
- 76 South Kivu's tax regime is laid out in a series of legal documents (*arrêtés*), the most recent of which is no.16/005/GP/SK du 20/01/2016 *portant fixation de l'assiette des impôts, droits, taxes et redevances à percevoir par l'entité province du sud-kivu et leurs taux applicables au cours de l'exercice budgétaire*. According to South Kivu's law, SAESSCAM must hand over 10% of the taxes that they collect, known as "frais renumérateur pour services rendu", to the provincial Mining Division and a further 35% to the Governor of the province. An analysis of South Kivu's budgets undertaken by South Kivu NGO Max Impact, reviewed by Global Witness, shows that these payments were visible in the provincial budget until 2012 but not afterwards. Global Witness has analysed South Kivu's budget reports for 2014 and 2015 and found that these taxes are missing from the provincial budget for both years. In early 2016, after persistent lobbying, South Kivu civil society secured a commitment from provincial authorities that the 45% destined for the provincial Mining Division and Governor would be listed in the next provincial budget (2016).
- 77 SAESSCAM, September 2015, "*Nos observations sur le rapport de COSOC GL, Intitule: des pratiques et impact de l'exploitation minière par drague*".
- 78 Arrêté 0973, signed by national Minister of Mines Martin Kabwelulu on 23 December 2015 creating ZEA 495 in Shabunda "DRC Mining Cadastre Portal - Supported by Spatial Dimension - Developers of FlexiCadastre". See also <http://portals.flexicadastre.com/drc/en/> and [http://www.prominesrdc.cd/fr/Rapport/Rapport\\_Orga\\_saess.pdf](http://www.prominesrdc.cd/fr/Rapport/Rapport_Orga_saess.pdf)
- 79 Arrêté N°0057 CAB.MIN/MINES/01/2012 du 29 février 2012
- 80 *Note explicative a l'attention particulière de son excellence monsieur le gouverneur de la province de Sud Kivu*, 7 January 2015.
- 81 SAESSCAM, September 2015, *Nos observations sur le rapport de COSOC GL, Intitule: des pratiques et impact e l'exploitation minière par drague*
- 82 PROMINES, "Audit du Cadre Institutionnel et Organisationnel régissant le Secteur des Mines Don IDA, Projet P106982 - IDA - H589 ZR - TF010744, Rapport sur l'organisation et le fonctionnement du SAESSCAM", [http://www.prominesrdc.cd/fr/Rapport/Rapport\\_Orga\\_saess.pdf](http://www.prominesrdc.cd/fr/Rapport/Rapport_Orga_saess.pdf)
- 83 SARW, 2015, *Illicit gold trade and the Argor case*, Conference Summary Report, 29-30 Septembre 2015, Hôtel du Fleuve, Kinshasa, Democratic Republic of Congo: <http://sarwatch.org/events/illlicit-gold-trade-and-argor-case>
- 84 SARW, 2012
- 85 Official Mining Division export statistics for South Kivu, 2014, publicly available and accessed by Global Witness in March 2015 and November 2015.
- 86 IPIS, 2014
- 87 Official Mining Division export statistics for South Kivu, 2014, publicly available and accessed by Global Witness in March 2015 and November 2015.
- 88 IPIS, 2014
- 89 Global Witness interviews with mining authorities in Bukavu, South Kivu, November 2015.
- 90 In 2012 two gold export houses were registered in Bukavu: Congo Mining and Nyamukaya. In 2015 Alfa Gold, Golden Gold, Cavichi, Nyamukaya, Delta Gold and Kasereka were all listed as exporting on official export documents held by the Mining Division.
- 91 Official Mining Division export statistics for South Kivu, 2014 and 2015, publicly available and accessed by Global Witness in March 2015 and November 2015.
- 92 See endnote 2
- 93 Joint letter sent by Global Witness and COSOC-GL to the National General Secretary for Mining, copying the Prime Minister, Head of the Senate, Head of the National Assembly and Head of the Ministry of Mines, August 2015.
- 94 Global Witness email correspondence, March 2016.
- 95 In 2012 Congo reduced its export tax from 3.5% to 2%, in line with Burundi and Kenya, see PAC, 2014, "All that Glitters is Not Gold: Dubai, Congo and the Illicit Trade of Conflict Minerals"
- 96 PAC, 2015, "Contraband Gold in the Great Lakes Region: In-region Cross-border Gold Flows versus Out-region Smuggling", [http://cosoc-gl.org/wp-content/uploads/2015/06/2015\\_05\\_Great\\_Lakes\\_Contraband\\_Gold.pdf](http://cosoc-gl.org/wp-content/uploads/2015/06/2015_05_Great_Lakes_Contraband_Gold.pdf);
- 97 Letter No.Mines/3547/078/2016 dated 23 March 2016 from Head of South Kivu's Mining Division Michel Liete Watuta to the national Minister of Mines in Kinshasa Martin Kabwelulu, claims that 12,814 grams of Kun Hou Mining's gold produced by Kun Hou Mining between October 2014 and May 2015 were exported by Alfa Gold.
- 98 All of Alfa Gold DRC's legal gold exports from South Kivu in 2014 and 2015 were exported to Alfa Gold Dubai, according to publicly available annual export reports held by the provincial Mining Division in Bukavu.
- 99 Official Mining Division export statistics for South Kivu for October 2014, publicly available and accessed by Global Witness.
- 100 In 2012 the Dubai Multi Commodities Trading Centre (DMCC) issued guidance to assist all "DMCC licensed members and non-members within the UAE's gold and precious metals industry on the implementation of the OECD guidelines on conducting due diligence and developing a risk management framework for responsible supply chain management of gold and precious metals when sourcing from conflict-affected and high risk areas". The document recommends that "all DMCC members and non-members should apply this guidance that incorporates the OECD management on responsible supply chain". See DMCC, 2012, "Practical Guidance for Market Participants in the Gold and Precious Metals Industry", <http://www.dmcc.ae/gold-responsible-sourcing-precious-metals> In June 2016 the DMCC updated its guidance, which will come in to force in August 2016.

- 101** Alfa Gold Bukavu and Alfa Gold Corp DMCC are both reported to be controlled by businessman Sibtein Alibhai, according to PAC, 2014. In 2015 Alibhai set up Alfa Gold Corp Ltd in the UK registered at 34-35 Hatton Gardens, London, see Companies House <https://beta.companieshouse.gov.uk/company/09595356>. In addition to their name and trading relationship, Alfa Gold Bukavu and Alfa Gold Corp DMCC are further linked by one individual who is a part-owner of Alfa Gold Bukavu's (according to its Congolese statute) and is listed as working as a 'Group Executive' of Alfa Gold Corp DMCC.
- 102** Global Witness staff spoke to Franck Menard and Michael Wang of Kun Hou Mining at the 8th OECD Forum on responsible mineral supply chains in Kinshasa in November 2014. They are also on the provisional list of participants for the 9th OECD Forum in Paris in May 2015: <http://www.oecd.org/daf/inv/mne/9th-3TG-Forum-participants-list.pdf>
- 103** The national Minister of Mines' Principle Private Secretary, Joseph Ikoli, confirmed by email to Global Witness that he had only received one due diligence report from a company operating in the gold sector for 2014. Global Witness has established that this report is not from a gold trader in South Kivu.
- 104** Global Witness interview with representative of Cavichi DRC, Bukavu, South Kivu, November 2015.
- 105** Alfa Gold in Bukavu, South Kivu closed down in August 2015.
- 106** Arrêté N°0057 CAB.MIN/MINES/01/2012 du 29 février 2012
- 107** See DMCC, 2012.
- 108** Amnesty International, 2015, "Chains of Abuse: The Case of Diamonds from the Central African Republic and the Global Diamond Supply Chain", <https://www.amnesty.org/en/documents/afr19/2494/2015/en/>
- 109** The Atavist Magazine, 29 October 2014, "The Devil Underground", <https://read.atavist.com/the-devil-underground?no-overlay&promo>; The Global Initiative against Transnational Organised Crime, 2016, "Organised Crime and Illegally Mined Gold in Latin America", <http://www.globalinitiative.net/organized-crime-and-illegally-mined-gold-in-latin-america/>
- 110** PAC, 2014; Human Rights Watch, 2016, "Ghana: Child Labour Taints Gold Supply Chain", <https://www.hrw.org/news/2015/06/10/ghana-child-labor-taints-gold-supply-chain>; The Global Initiative against Transnational Organised Crime, 2016; Global Witness, 2014, "City of Gold: Why Dubai's first conflict gold audit never saw the light of day", [https://www.globalwitness.org/sites/default/files/library/dubai\\_gold\\_layout\\_lr.pdf](https://www.globalwitness.org/sites/default/files/library/dubai_gold_layout_lr.pdf)
- 111** Human Rights Watch, 2016.
- 112** Global Witness, 2014; PAC, 2014.
- 113** Global Witness, 2015, *Global Witness welcomes progressive new Chinese Mineral Supply Chain Guidelines*, <https://www.globalwitness.org/en-gb/press-releases/global-witness-welcomes-progressive-new-chinese-mineral-supply-chain-guidelines/>
- 114** The International Conference on the Great Lakes region (ICGLR) is composed of the countries in the African Great Lakes Region, namely Angola, Burundi, Central African Republic, Republic of Congo, Democratic Republic of Congo, Kenya, Uganda, Rwanda, Sudan, Tanzania and Zambia.
- 115** The ICGLR Regional Certification Mechanism (RCM) is a compulsory regional standard for certification of designated minerals (tin, tantalum, tungsten and gold) sourced from any ICGLR Member State.
- 116** PAC, 2012, "Briefing Note on the ICGLR Regional Certification Mechanism", [http://www.pacweb.org/Documents/icglr/PAC\\_Briefing\\_Note\\_on\\_the\\_ICGLR\\_Regional\\_Certification\\_Mechanism\\_June\\_2012.pdf](http://www.pacweb.org/Documents/icglr/PAC_Briefing_Note_on_the_ICGLR_Regional_Certification_Mechanism_June_2012.pdf)
- 117** Although the intentions behind mine site validation are good, the process' slow pace, heavy requirements and implementation challenges have weighed it down to date. Global Witness field investigations have revealed that at some mine sites, locals know in advance that validation teams are due and 'clean up' sites accordingly, giving a false impression of the reality at the mines. In other cases, members of mine site validation teams have told Global Witness that the validation team did not go to the mine itself, but rather asked people in the local community if everything was in order at the mine, and used that information to make a determination. One validation team member described the entire exercise as "a fantasy". In order for mine site validation to be effective and worthwhile, the teams must become more nimble and receive assured funding from the Congolese government to allow missions to take place regularly and in a timely fashion. Mine site validation reports also need to be made public and in full. Some of these concerns may be addressed following an October 2015 decision by the national Minister of Mines Martin Kabwelulu to allow trained mine site inspectors to validate mines in place of the joint teams, see Arrete Ministeriel 0919/CAB.MIN/MINES/012015.
- 118** Global Witness interviews in Bukavu, South Kivu, November 2015. See Section 2 for more information.
- 119** <http://www.usaidlandtenure.net/project/capacity-building-responsible-minerals-trade-democratic-republic-congo>
- 120** PAC, 2016, *First Congolese Gold Exporter Takes Decisive Action to Carry out Due Diligence: Opens its Doors to International Markets*, <http://pacweb.org/en/pac-media/press-releases/258-first-congolese-gold-exporter-takes-decisive-action-to-carry-out-due-diligence-opens-its-doors-to-international-markets>
- 121** Images and documents seen by Global Witness in March 2016 detailing illegal activities and environmental damage conducted by semi-industrial dredges along the River Ituri and River Aruwimi, Ituri Province; and PAX, 2015; SARW, 2014, p.38
- 122** Official documents from the provincial Ministry of Mines in (former) Orientale Province seen by Global Witness, dated February 2015.
- 123** UN Group of Experts report on the Democratic Republic of Congo, S/2014/42, January 2014, [http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4F-F96FF9%7D\\_s\\_2014\\_42.pdf](http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4F-F96FF9%7D_s_2014_42.pdf)
- 124** Responsible Sourcing Network, 2015, "Mining the Disclosures 2015: an Investor's Guide to Conflict Minerals Reporting in Year Two," <http://www.sourcingnetwork.org/mining-the-disclosures-p.21>
- 125** Global Witness, 'Why it's a good think that Apple isn't declaring its products "conflict-free"', April 2016 <https://www.globalwitness.org/sv/blog/>
- 126** OECD Insights, March 2015, "Responsible gold also means supporting livelihoods of artisanal miners" <http://oecdinsights.org/2015/03/24/responsible-gold-also-means-supporting-livelihoods-of-artisanal-miners/>
- 127** See Conflict Free Sourcing Initiative and Conflict-Free Smelter Program, <http://www.conflictreesourcing.org/about/>
- 128** In May 2016, CFSP released draft revisions to its tin and tantalum audit protocols for stakeholder comments and pledged to address the gold and tungsten audit protocols later this year. The review is an important opportunity for CFSP to bring the scheme into greater alignment with the OECD guidance, see [http://www.conflictreesourcing.org/media/Audit%20Protocol%20Review%20Summary\\_May2016\\_FINALv3.pdf](http://www.conflictreesourcing.org/media/Audit%20Protocol%20Review%20Summary_May2016_FINALv3.pdf)
- 129** "Responsible Artisanal Gold Solutions Forum Supported by Solutions for Hope" seen by Global Witness, February 2016.
- 130** Public Private Alliance for Responsible Mineral Trade, <http://www.resolv.org/site-ppa/>
- 131** See for example: COSOC-GL, 2015; Amnesty International, 2016, "This is What We Die For: Human Rights Abuses in the Democratic Republic of Congo Power The Global Trade in Cobalt", <https://www.amnesty.org/en/documents/afr62/3183/2016/en/p.68>; PACT, 2010, "PROMINES Study Artisanal Mining in the Democratic Republic of Congo", <http://congominer.org/system/attachments/assets/000/000/349/original/PACT-2010-ProminesStudyArtisanalMiningDRC.pdf?1430928581>
- 132** A national decree passed in 2012 made supply chain checks that meet the international OECD standard a legal requirement in the DRC. Including this requirement in the national mining law would provide a firmer legal basis.
- 133** Global Witness, 2015, "Democratic Republic of Congo Plans to Water Down Laws Against Mining Corruption", <https://www.globalwitness.org/en-gb/press-releases/democratic-republic-congo-plans-water-down-laws-against-mining-corruption/>
- 134** See <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>
- 135** CCCMC, "Guidelines for Social Responsibility in Outbound Mining Investments", <https://www.globalwitness.org/sites/default/files/library/cccmc%20guidelines%20for%20social%20responsibility%20in%20outbound%20mining%20investments%20oct%202014%20ch-en.pdf>
- 136** OECD guidance, Supplement on Tin, Tantalum and Tungsten, p. 44



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