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Research Article

SOCIAL RESPONSIBILITY OF THE INTERNATIONAL MINING COMPANIES IN THE DEMOCRATIC REPUBLIC OF CONGO

*Nsimanda, C.I., Musibono, D.E., Gizanga, R.V., Kalela, T.I., IKetshi, B.L. and Munkwomo, J.R.G.

Department of Environmental Science, Fac. Science, University of Kinshasa, DRC

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Abstract

The Democratic Republic of Congo (DRC) is one of the important mining countries in the World. The country is endowed with extensive mineral riches which mainly include copper, cobalt, gold, coltan, cassiterite, diamond, iron-ore, bauxite and many others. According to Morgan (2009), the DRC has an estimated $24 trillion worth of mineral reserves. The World Bank report (2008) indicates that all provinces are rich in minerals with Katanga representing dominant mineral wealth. In addition to mining, DRC has other natural resources in abundance such as the mega- biodiversity, freshwater reserve, tropical ecosystem, hydroelectric potential of 100,000 MW, vast agricultural land, as well as an important human capital and cultural heritage. Hundreds of companies, mainly international, currently exploit the DRC's mineral wealth and especially the Katanga Province.

Keywords: Principal Component Analysis, Average, Regression, Correlation, Indicators, and EDI.

INTRODUCTION

Despite its mineral wealth, the DRC is ranked among the poorest countries in the World. It is ranked second to last in the UNDP's Human Development Index 2013 ranking (Human Development Report, 2014). Many factors can be considered to understand this paradox, a significant issue being the revenue lost in the process of mining concession deals. According to the African progress report (2013), the DRC lost at least US$1.36 billion in revenue from underpricing of mining assets sold to offshore companies in only five deals between during 2010-2012. The report estimates that 'total losses from the five deals reviewed were equivalent to almost double the combined annual budget for health and education in 2012'. While this is a serious issue that requires a thorough investigation on how concession deals are undertaken, the social performance of the already operating companies also merits a closer scrutiny. In particular, examining the Corporate Social Responsibility (CSR) policies and responses by the major international companies operating in the DRC should provide useful insight. Mining activities in the DRC are governed by the Mining Code enacted by Law No. 007/2002 and the implementing measures are provided by the Mining Regulation enacted by Decree No. 038/2003. Although the Mining Code and Regulation are clear on compensation of lost assets and land and the need for consultation with affected groups, they do not require a Resettlement Action Plan (RAP) (Thoke, 2012). The Mining Regulation provides for environmental protection measures and was supplemented by the Environmental Framework Law enacted by the government in 2011 which established fundamental principles relative to management and protection of environment[1]. The law also provided for inclusion of a social aspectrequiring industrial projects to perform an ESIA and public consultation. The Environmental Framework Law, however, fails to provide practical guidance (Vanwelde *et al.,* 2013). In particular, it does not specify the types of projects subject to an ESIA or consultation and environmental standards or limits, and is vague on ESIA development and validation. The DRC legal framework (through its article 69:g) requires companies applying for exploitation license to plan and implement CSR program in order to contribute to the development of the surrounding communities. Despite this legal undertaking, there is little evidence to show that CSR is effectively implemented. Followingan increase in foreign investment in the mining sector, foreign companies with significant stakes in the DRC have been the subject of intense scrutiny. A report by Peyer et al (2014), for example, assessed the performance of Glencore revealing adverse environmental and social impacts despite the company's claim of international standard adherence. In other case, Southern African Resource Watch (SARW, 2012) claims that Freeport McMoran, a Canadian company with greatest share in the Tenke Fungurme Mining (TFM), has adversely affected livelihoods of communities who continue to struggle with poverty. These criticisms directed at internationally renowned foreign mining companies merit further investigation. International mining companies come with CSR standards which differ across different sizes of companies and also depending on the hosting country's requirements. Any investor in the DRC mining has to perform an Environmental and Social Impact Assessment (ESIA) as part of the DRC mining law requirement (Decree no. 038/2003). According to the mining Code and its guidelines'manual (règlement minier), industrial miners should improve the welfare/ well-being of local populations by paying compensations to displaced communities and by implementing socioeconomic development projects (Règlement Minier, 2003, Art. 452, point e, pg.172). Despite these legal requirements and companies' own undertakings, general understanding is that negative impacts remain high with no sign of social and environmental improvements. The objective of this paper is, therefore, to explore the social and environmental responsibility of international partners in mining and to further understand the DRC paradox.

Corresponding Author:** ***Nsimanda, C.I.,
Department of Environmental Science, Fac. Science, University of Kinshasa, DRC.

[1]Loi n°11/009 du 09 juillet 2011 portant principes fondamentaux relatifs à la protection de l'environnement

Table 1.

Company	Mine	Investment and Annual Production Capacity	ESIA Report	CSR Policy
Freeport McMoran Copper & Gold Inc. (56%), Lundin Mining Corp (24%), and Gécamines (20%) – USA	Teneke Fungurume Mine S.A.R.L. Copper & Cobalt Concession: 1,500km^2 Mine life: 40+ years	Investment: $2 billion Capacity: 195,000tpa copper, 15,000ttpa cobalt (2010) Production started: 2009	• ESIA summary report 2014 addendum • ESIA report 2007 (Phase I) • Updated report 2011 with addendum to the 2007 report (Phase II)	• Specified sustainability approach • developed and implemented a Resettlement Action Plan(RAP) from 2007 through 2009 and successfully resettled 379 households impacted by the initial project phase (Source: TFM fact sheet)
Glencore (75%) and Fleurette (25%) ownership of Katanga mining Ltd – Switzerland	Katanga mining [merger of Kamoto Copper Company (KCC) and DRC Copper and Cobalt Project (DCP)] Copper & Cobalt Concession: a total area of 40km^2 including KOV (8.49km^2) and Kamoto (11.04km^2) mine life: 25 years	Investment: Capacity: 300,000tpa of copper and 13,000tpa of cobalt by 2015 Production started: end of 2007	• KCC – ESIA report 2009 • KCC feasibility study exec summary report 2006 • KCC technical report 2006, 2009, 2010, 2011, 2012	• During 2013 Glencore issued policies on environmental man-agement, community and stakeholder engagement and human rights. • Glencore is committed to up-holding the United Nations (UN) Guiding Principles on Business and Human Rights and has applied for admission to the Voluntary Principles on Security and Human Rights. • In May 2014 Glencore joined the International Council on Mining and Metals (ICMM)
Glencore (69%) and Fleurette (31%) ownership of Mumi SARL – Switzerland	Mutanda and Kansuki Mine (MUMI) Copper & Cobalt Concession: Mutanda () and Kansuki (185km^2) Mine life:	Investment: $770 million ; $1.8b as of May 2014) Capacity: 200,000tpa of copper cathode and 23,000 tpa of cobalt hydroxide Production started: 2007?	• MUMI – ESIA report 2008	
MMG Ltd. – China	Kinsevere Mine Copper Concession: Mine life: 20 years	Investment: Capacity: 63,000 – 68,000 tpa of copper cathode Production started: 2007	• ESIA report 2009 prepared by Knight Piésold (Need to find copy)	• Apply ICMM 10 sustainability principles and Global Reporting Initiatives (GRI)
Banro Corp. – Canada	Twangiza Mine Gold Concession: Mine life:	Investment: Capacity: 1.7 million tpa of gold Production started: 2012	• ESIA report handled by SRK consulting Still in progress with only technical economic assessment report (Need to find copy)	• Corporate Sustainability Reports 2012, 2013,2014
Rangold Resources ltd. – UK	Kibali gold project Gold Concession: 1,836km^2 mine life: 18 years	Investment: $1.7 billion Capacity: 600,000 ounces of gold per annum for the first 12 years Production started: 2014?	• ESIA was undertaken according to IFC performance standards and the Equator Principles before construction began. • In accordance with DRC legislation the environmental management plan (EMP) was successfully subjected to an annual independent audit	• Social Responsibility and Sustainability Report 2010 • Detailed information on social and environmental policies and performances in annual report 2013
Tiger Resources ltd.(60%, Gécamines 40%) – Australia	Kipoi Copper Project Copper Concession: 55km^2 mine life: years	Investment: Capacity: 50,000tpa of copper Production started: 2014	• Cannot find publicly available information	• Cannot find publicly available information • Only thing mentioned is website is investments on education, health, agriculture and employment
Mawson West ltd (90%, Dikulushi-Kapulo 10%) – Australia	Kapulo Project Copper & Silver – Concession: – start year: – mine life:	Investment: $90 million Capacity: 9,500 tpa of copper and 78,000oz of Silver	• Cannot find publicly available information	• The Company has established a not for profit organisation, the Dikulushi – Kapulo Foundation (the "**Foundation**"). The Foundation holds 10% of AMC's share capital for the benefit of local communities. The objectives of the Foundation are to initiate, develop and support development projects for the benefit of local communities in the fields of, among others, health, education, infrastructure and reinforcement of capacities. The Foundation acts as a catalyst to support community initiatives and development projects.
Mawson West ltd – Australia	Dikulushi Project Copper & Silver Concession: Mine life:	Investment: Capacity: 400tpm of Silver and 35,000 ounces per month Production started: 2014	• An updated ESIA was completed for the Dikulushi open pit in July 2011 • An ESIA and EMP was lodged in 2003 and was completed by African Mining Consultants • (Need to find copy)	• Cannot find publicly available information • Only thing mentioned is website is investments on education, health, community development and employment

Case study assessment

Table 1 below presents a quick snapshot of the major foreign mining companies currently in operation in the DRC demonstrating their status and profiles in terms of transparency due diligence as measured by publicly available ESIA report and CSR policy. Three of the companies listed report annual ESIA that are publicly available whereas the rest either do not report or have not publicly disclosed their ESIAs. The table also reveals that ______ and ______ have clearly stated CSR policies with plans of implementation and monitoring procedures. Following this quick scan, further in-depth analysis is important to enable a better understanding of how major foreign mining companies have performed in response to social and environmental expectations. In this paper, we focus on four big companies, namely, MMG (China-Australia), TFM (USA), Banro (Canadian) and Glencore (Switzerland) which have significant presence in the DRC mining concessions.

RESEARCH METHOD

Different sources are used as primary and secondary data to be analysed. This research relies on direct field observation, literature search and the webography. Official reports from the companies, the Ministry of mining, NGOs, and EITI have been exploited as well. The research employs qualitative analysis of information generated from all the aforementioned sources to provide a critical narration of mining companies CSR policies in relation to country requirements and expectations. As such, the discussion will start with a brief on international CSR standard and the DRC's mining law in relation to CSR requirement. This will then be followed by individual assessment of the four foreign owned mining companies as case studies.

Corporate Social Responsibility (CSR)

Talking points would include describing what CSR policies are and what the main components that need to be fulfilled are; which could include:

- IFC Performance Standards on Social and Environmental Sustainability for extractive projects with potential adverse social and environmental impacts
- The Voluntary Principles on Security and Human Rights for projects involving private or public security forces
- The Global Reporting Initiatives (GRI) for CSR reporting by the extractive sector to enhance transparency and encourage market-based rewards for good CSR performance
- The United Nations Global Compact initiative
- Renewed EU strategy 2011-14 for CSR and Sustainable Consumption and Production and Sustainable Industry Policy
- ICMM principles

Also we need to include DRC's CSR requirements as per the law. And its enforcement

Case study analysis

MMG

This Sino-Australian company operates at Kinsevere, near Lubumbashi in the Katanga Province. They are exploiting copper since 2012 (*MMG Kinsevere, 2013:Programmes communautaires*). MMG Kinsevere social interventions are illustrated below:

Community development:

i) Improvement of access to basic social infrastructures;
ii) Support to community programmes: water, education, health, agriculture, microfinance, reforestation, road paving (rehabilitation), public electric power supply; community capacity building and ethics, search for common ground, scholarship programme, excellence fund for pupils, hot meals at schools and women empowerment, youth organization through sport development, sensitization on aids, support to local public administration and to the local traditional Chief. A lot of community interventions;
iii) unfortunately, without the autonomization of locals to sustainably build themselves their future. However the ongoing assistance is humanitarian and fully justified in a post-conflict country with a GDP of 400 USD/inhabitant), and building therefore, a long- term dependence chain.

TFM (Freeport MC Moran)

TFM is an USA registered company based at Tenke and Fungurume villages. It basically exploits copper and cobalt. Its socio-environmental interventions are mainly the following:

i) The pre-treatment of toxic effluents from the Hydrometallurgical Unit, the monitoring of the environment, support to education and health infrastructures, rehabilitation of roads, supply of drinking water, building the market place, and relocalizing/ compensating displaced families;
ii) Unfortunately, despite the fact that TFM has provided drinking water, health center, rehabilitated roads, put in place an environmental monitoring programme, relocated displaced persons, the community is still getting poorer. An environmental and social management system (ESMS) has been designed to implement the measures required to mitigate and manage the environmental and social impacts of the proposed project.
iii) The environmental action plans include 15 separate plans for pertinent environmental disciplines (e.g., air quality, surface water, flora, etc.) assessed in the ESIA and important waste streams
(e.g., mine waste, domestic and industrial waste) as well as materials management.

iv) The social action plans consider four key aspects relating to social mitigation, management and

Monitoring, including:

- A community development plan (CDP) will be implemented to provide a framework for effective local development, and which is unrelated to mitigation-driven actions.
- A social management plan to address the key socio-economic issues raised in the ESIA.
- A cultural heritage plan to minimize impacts to archaeological, historical and cultural resources.
- A resettlement action plan (RAP) to ensure that any required resettlement is carried out to best international standards (see below).

The reclamation and closure plan describes the actions that will be taken for the closure of project facilities. The main objectives of the reclamation and closure plan are to ensure the long-term physical and chemical stability of the project, wherever possible restore the project site conditions that would allow post-closure beneficial use, and to protect humans and wildlife from any hazards. This plan will also present necessary post-closure treatment, maintenance and monitoring measures that would be required following completion of closure measures. The occupational health and safety plan describes the actions that will be taken to protect the health and safety of the employees involved in the construction and operation of the project. The emergency response plan describes the actions that will be taken to respond to situations out of the scope of normal operations such as medical emergencies, fires, number of accidents/ incidents (TFM, 2013). The current project phase provides employment to approximately 2,500 full-time workers and 1,500 contractors. Approximately 98% of direct TFM employees are DRC citizens. As part of our commitment to education in the region, TFM has constructed six new elementary schools. Construction and renovation of three high schools have recently been completed in Fungurume and construction is underway on a fourth in Tenke. The schools are managed in partnership with the government and local education providers. These new schools (existing and planned) will provide educational opportunities for an additional 7,000 students. Our education programs include much more than funds for physical structures. Other initiatives include scholarship programs, university partnerships and internships. TFM provided preparatory mathematics and language training for children from the local community culminating in company-funded scholarships for ten local youth to the Mutoshi Technical Institute in Kolwezi for four years. TFM also considers investments in social and community development to be a priority. During the period 2006-2011, the Company made social investments of US$42 million to support sustainable community development initiatives. Additionally, TFM contributes 0.3% of net metal sales revenue to the TFM Social Community Fund, and since the commencement of commercial production, these contributions have totaled US$7 million. The TFM Social Community Fund aims to improve quality of life for residents by investing in sustainable community development projects supporting infrastructure and relevant services including health, education and agriculture. TFM supports small and medium enterprises (SME's) via access to credit and technical support and training. These SME's in turn generate local employment. In 2010, SME's supported by TFM provided over 100 jobs, 17% of which were filled by women. TFM is currently coaching nine SME's providing up to 280 jobs on a seasonal/rotational basis, 85% of whom are women. TFM also supports 310 households with improved seeds and fertilizers as well as technical assistance in the in-kind farmers' corn credit program.

Banro, a Canadian registered company, is involving in gold mining, especially in the Kivus and Maniema Provinces. Its interventions for local development are illustrated in its 2013 annual report "Sustainable development: invest in qualified jobs and community development". Information below remain important to better understand how Banro operates. Inv Banro Corporation and budget summary

- Expenses for exploration within D R Congo: 139 081 000 $ US Investments in gold processing plant at Twangiza: 191 872 000
- Expenses for infrastructures at Twangiza 21 027 000 (Roads, bridges, houses, schools, churches, and public toilets)
- Investment in gold processing plant at Namoya 89 968 000
- Expenses for infrastructures at Namoya 10 119 000
- (Roads, bridges, houses, schools,churches, and public toilets)
- Taxes and other official fees in DRC 36 511 000
- (Salary, importation, fuel)
- Sub-total1 = 488 578 00 $ US
- Foundation Banro
- Investment in education in DRC 1 622 125 $ US
- Investment in health care in DRC 447 631
- Investment in social infrastructures in DRC 1 277 301
- Other expenses 269 435 (Humanitarian Aid, development, support to community, conservation)

Sub-total2 = 3 616 492 $ US:

At the end of 2013, Banro has built 10 new school infrastructures, rehabilitated 2, built 5 health care centers and trained 100 women to make artisanal soap, bread and hair care. An environment management plan is also in place. Total of expenses in DRC= 492 194 492 $ US (Banro, 2013).

1. **Glencore and allieds (KCC-MUMI)**

We did not find the official report for GLENCORE IN THE DEMOCRATIC REPUBLIC OF CONGO. However, many NGO reports and EITI (ITIE, 2011) have reported that for Glencore the PROFIT is BEFORE HUMAN RIGHTS AND THE ENVIRONMENT. The last report by Bread for all, a catholic NGO based at Lausanne in Switzerland reported the following facts:

Glencore in the Democratic Republic of Congo: profit before human rights and the environment (*C. Peyer and F. Mercier, 2012*)

1. Glencore: A mining giant in full expansion. The Glencore group is one of the largest suppliers of and traders in raw materials in the world. The group today, has 50 offices in more than 40 countries where it employs more than 2,800 people. It also employs 55,000 people in its industrial
2. Operations in 13 countries. Glencore has also the largest turnover of any company in Switzerland: US$ 186 billion in 2011, an increase of 28% compared to 2010. The company is active in three areas:

- Metals and minerals (turnover of US$ 52 billion in 2011)
- Raw materials for energy (US$ 117 billion)
- Agricultural raw materials (US$ 17 billion)

Glencore has major holdings in several companies listed on stock markets: Xstrata Plc, Century Aluminium, Katanga Mining, Chemoil Energy and UC Rusal. Glencore has in recent years increased its control over the entire raw material production chain. As a result of investments and take-overs1, the firm has now a large network covering the entire raw material supply chain, from the production right up to trading. *A history tarnished by scandal* (Peyer and Mercier, 2012). The company was created in 1974 by Marc David Rich, a controversial businessman. At the end of the 1970s, Marc Rich built up his fortune by circumventing the U.S. embargo on Iran and by selling oil to Ayatollah Khomeini. Some years later, he was also selling oil to the apartheid regime (South Africa), despite the United Nations embargo. He was pursued by the American justice system in 1983 for tax fraud, trading with the enemy, etc. Marc Rich sought refuge in Switzerland and established the headquarters of his company in Zug. The Swiss government has always refused his extradition. March Rich handed over the reins of Glencore International in 1994 to his second, Willy Strothotte, who for 8 years held the post of Executive Director and then became Chairman of the Board of Directors. Willy Strothotte left Glencore in 2011. He was also the Chairman of the Board of Directors of Xstrata (see below) from 2002 to 2011. Ivan Glasenberg took over the executive management of the firm in 2002. Glasenberg has been working in Glencore since 1989, being responsible for the coal sector from 1991 before becoming Director of the international office in 2002. He has also been a non-executive director of Xstrata since 2002. The firm's reputation is regularly tarnished by scandal. Glencore was accused in 2004 of tax manipulation by the Nigerian government2. In 2005, it was accused of having circumvented the embargo against Iraq: according to a CIA report, Glencore apparently paid more than 3 million dollars in surcharges to Saddam Hussein in order to have access to his oil (***Peyer and Mercier, op.cit.***). In 2007, the Bolivian government decided to seize one of the tin mines in the hands of the Swiss multinational, accusing it of having under-paid the exploitation rights. In 2008, a partner of Glencore in Russia was under investigation for "illegal business activities". In 2010 alone, Glencore paid US$ 780,000 in fines for non-respect of environmental standards3, demonstrating that Glencore considers it as "minor in the context of global business"4. In 2011, Glencore was suspected of tax evasion in Zambia and five non-governmental organisations (NGOs) lodged a complaint for breach of the OECD guidelines. Finally, following Glencore's stock market entry in 2011 (see below), Ethos – a foundation of Swiss institutional investors – decided to exclude Glencore from their portfolios because of the social and environmental controversies linked to the group 5.

Description of Glencore's investments in the democratic republic of Congo

The province of Katanga

The mines described in this report are located in Katanga, a province in the southeast of the Democratic Republic of Congo (DRC). Katanga covers approximately 496,877 km2, or approximately twelve times the area of Switzerland. Nearly 9 million people live in this region and their income comes essentially from agriculture and mining. Katanga is home to 34% of the world's resources in cobalt and 10% in copper, and is situated in what is called the "Great Central African copper belt" that crosses Zambia and the DRC. The population benefits little, however, from these underground riches: nearly 70% of the people in Katanga live in poverty and 80% do not have access to drinking water or electricity12. The town of Kolwezi, around which the mines covered in this report are located, is situated in South Katanga. This town was created in 1937 to house the headquarters of the Belgian company, *Union minière du Haut Katanga*, which, following its nationalisation in 1967 became *Générale des carrières et des mines* (*Gécamines*), a State mining company. Referred to in the 1970s as "the lung of the Congolese economy" because of the intense production by *Gécamines*, Kolwezi is today a town marked by recession, unemployment and poverty. The recession began in the late 1990s, when *Gécamines*' financial and management problems caused a drop in production by nearly 90%. Massive dismissals by the company in the context of privatisation programmes in 2003 (more than 10,600 workers were dismissed in 2003) worsened the crisis and resulted in numerous miners ending up in a precarious situation. Today, most of the mining operations in Kolwezi are joint ventures between the former State company and foreign multinational companies. Among the major ones are Free Port MacMoRan with Tenke Fungurme, and Glencore with Kamoto Copper Company and Mutanda Mining.

Mining

Kamoto Copper Company (KCC)

Kamoto Copper Company is a joint venture 75% of which is held by the Katanga Mining Limited (KML) company and 25% by *Gécamines*. It is the result of a merger in July 2009 of two former competitors, i.e. the former Kamoto Copper Company (owned by Georges Forrest) and the DRC Copper and Cobalt Project (owned by Dan Gertler). Glencore's acquisition of this company, via Katanga Mining Limited, was carried out in two stages: an initial loan of 150 million dollars in November 2007, followed by a second loan of 100 million dollars in January 2009 A really good deal for the Zug company because, when Glencore's loan to KML was converted into shares, KML's value was at its lowest: in six months, KML's shares had lost nearly 97% of their value on the stock markets. For a loan of less than 500 million dollars, Glencore had therefore acquired 74.4% of a company that today is worth more than 3 billion dollars KCC's exploitation rights actually cover six different deposits of copper and cobalt:

The KOV and T-17 open-pit mines, the Kamoto underground mine and the unexploited mines of Mashamba Est, Tilwezembe and Kananga. These deposits are spread over an area of more than 40 km2, i.e. an area about the size of the canton of Geneva. They represent some 16 million tonnes of copper reserves in total15. KCC also owns two plants: the Kamoto concentrator and Luilu hydrometallurgical plant. In 2011, KCC produced16:

- More than 90,000 tonnes of copper, which represents an increase of 57% compared to 2010; and
- More than 2,400 tonnes of cobalt, which represents a drop of 29% compared to 2010.

The companies predict substantial growth in the coming years and aim to become the largest producer of copper in the DRC.

Mutanda Mining

Mutanda Mining Sprl (MUMI) is a company established under Congolese law that was legally set up in May 2011. There is little public information about MUMI. This is due to the fact that the companies owning MUMI were not, prior to 2011, listed on stock markets. That has changed with Glencore's listing on the London and Hong Kong stock markets and the publication of an external audit carried out by the firm, Golder Associates18. The secrecy is also explained by the distance of MUMI: the mines are located some 40 kilometres from Kolwezi. In contrast to the KCC mines, it is not possible to approach the exploitation sites without the company's authorisation. The company is equally less exposed to the media than its sister company, KCC. In effect, MUMI was never 100% owned by *Gécamines* and, as such, is not an undertaking with which the population of Kolwezi identifies. Finally, Mutanda Mining was, until 2011, the fruit of a joint venture between *Gécamines*, which held 20% of it, and the Samref Congo Sprl group, which held 80%. *Gécamines*'s holding was, however, sold in spring 2011, under extremely obscure circumstances (see chapter 9), to a company held by investor Dan Gertler. Glencore holds 50% of Samref Congo, thus 40% of Mutanda Mining. The Swiss firm is equally involved in the operational management of MUMI19. MUMI has three open-pit mines, two of which are currently being exploited. The reserves of these mines are estimated at more than 45 million tonnes of copper or three times those of KCC. The company also manages three processing plants.

In 2011, MUMI produced20:

- More than 63,700 tonnes of copper, which represents an increase of 291% compared to 2010; and
- More than 7,900 tonnes of cobalt, which represents a drop of 11% comparedto 2010

A profile of the Glencore empire in DRC: Method of research

With KCC and MUMI, Glencore controls the access to enormous deposits in the Democratic Republic of Congo: KCC's and MUMI's reserves total 60 million tonnes of copper. In comparison, the contract concluded between Chine and the DRC in 2008, and about which much was written, concerned 10 million tonnes of copper, i.e. six times less than the reserves controlled by Glencore21. When the mines have reached their full output, Glencore could well become the largest producer of copper and cobalt in Africa and, given its power, resembles a State within a State in Katanga. How is Glencore exploiting these resources and respecting the legal, social and political framework in Katanga? Does the parent company use its control in order to guarantee that its subsidiaries respect human rights and environmental standards?

These are the questions that this report seeks to answer.

Bread for all and *the Swiss Catholic Lenten Fund*, in collaboration with Congolese non-governmental organisations (NGOs) – the *Commission épiscopale pour les ressources naturelles (CERN), Action contre impunité et pour les droits humains*

(ACIDH) – carried out research in order to learn more about the impact of the Swiss company's activities in Katanga. Several field visits and some fifty interviews were carried out with representatives of civil society (miners, cooperatives, employees, villagers, local NGOs) as well as representatives of the provincial and local administration (town hall, mining registry, etc.). This investigation comes after a first report published in March 2011. It deepens and expands the analysis on several points, in particular the situation of the artisanal miners (chapter 3), the firm's impact on the environment (chapter 4), the working conditions in the industrial mines (chapter 5), the situation of the local communities (chapter 6) and the taxation of Glencore and its subsidiaries (chapter 8). Glencore became aware of the research in January 2012. At the end of February 2012, that is more than eight weeks prior to the publication of the report, a questionnaire relating to the main results of the research was sent to the parent company in Zug. The firm's responses have been incorporated into the text, particularly where the views diverged. In 2011, Chantal Peyer and Francois Mercier have stated this, *Glencore: contrats, droits humains et Fiscalite- Comment une entreprise depouille un pays?* (translation:" Glencore, contracts, human rights and taxes: How a company is looting a country"(*Peyer and Mercier, 2011; 2012; EITI, 2011; PREMICONGO, 2013*).

In short, Glencore is the prototype of companies stealing DRC resources and making profit abroad without any attention to Congolese development. In general, most of mining companies in the D R C do not work in transparency. Amongst more than 300, only few of them publish their reports and support community initiatives. So why is DRC keeping quiet while its resources are looted? The answer to that question might help in solving DRC paradox. Despite the fact that we did not access their annual report 2013, using other documents published by EITI (ETIE), 2011; Bread for al, (201); PremiCongo, (2013); Peyer and Mercier,(2011; 2012), declaring this company in developing active fraud with the delocalization of money into tax havens, Glencore and partners have declared the following social interventions:

- KCC has rehabilitated roads through the building (engineering) company Swanepoel (road Walemba-Kolwezi; paving urban road network in Kolwezi, in 2009-2010; ;
- Rehabilitation of the Kolwezi airport infrastructures in2011
- Digging boreholes with hand pumps to provide drinking water (Mutoshi in 2009/2010; at the hospital of Mwangeji in 2007; Kamanyola, Tshamundenda, Walemba in 2011 for a total expenses of 2,242,000 USD.
- Rehabilitation of schools at Kolwezi: St John College in 2007;
- Nuru methodist school:2007;
- Building of a new school at Mupanja/Lualaba (2008);
- Rehabilitation of Athenee Royale in Kolwezi (2008);
- Building new schools at Walemba in 2009; Nyumba ya Heri in 2010; Matendo at Tshamundenda/ Luilu in 2010; Kamanyola in 2011; Tshala/Luilu in 2011;
- Constructing a Building of 8 auditoria for students, 1 amphi,, 1 block of toilettes for the university of Kolwezi;
- Three pending projects of new schools due to 2008 financial crisis.

Total social expenses = 2,124,201.83 USD (Bread for all, 2012).

Lessons learned

All the four big mining companies above support some social interventions according to the mining Code requirements. Unfortunately, all of them are responding the humanitarian needs. None of them has really invested in sustainable development. Millions of USD used could efficiently be used in development projects and make people more independent. Building schools, providing clean water, providing seeds to communities, etc. are interesting activities because corresponding to community basic needs, but how will parents send their children at schools when they do not have money? What will the population do when the hand pumps are out of order? The culture of free gifts does not promote development. We advised that instead of promoting humanitarian assistance, companies should better invest in community development projects based on economic autonomy, preservation of the environment and promoting therefore the social welfare and well-being. Based on field works, it is regrettable that amongst hundreds of mining companies, only very few of them intervene for social assistance. There is a real deficit of governance due to widely open corruption (International crisis Group (2006). Mining sector seems to be a black boxwhere many suspect operations occur, under political umbrellas with the risk of corruption (Global Witness, 2012). Fraud does not allow the Government to collect all taxes (Lutundula, 2006; Bakandeja, 2006; Berwoets, 2010; Brown et al., 2013; Dietrich, 2002; Mayobo, 2008). Socio-political frustrations, corruption, looting and wars have created a toxic environment that only well educated people in knowledge, mind and spirit (true leadership) can quickly change. Otherwise, the Congolese paradox will continue to kill communities with sustainable poverty (Musibono, 2013,2006; Centre Carter, 2012).

Conclusion and suggestions

The social responsibility of mining company in DRC is timid and mainly remains humanitarian. This seems to be generated by the misunderstanding of the Article 452, point e, in the Règlement Minier 2003, asking mining investors to contribute in community well-being in accordance with the development concerns. It is vague because the Government should provide the national or local development plan on which companies will base their interventions. Our field investigations revealed that most of rural communities are not able to distinguish humanitarian from development projects. For sustainable peace with riverine communities, we advise that social interventions focus on local income-generating sources to innovate and enhance the financial capacity of locals while providing humanitarian assistance as well. The Government should elaborate a national development plan with different priorities and budgets needed countrywide. All external assistance should be based on this plan instead of eternal infants constantly assisted. Congolese community should practise fishing and not awaiting fish in a plate.

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