

LE FLEUVE D'OR: THE PRODUCTION AND TRADE OF GOLD FROM MONGBWALU, DRC

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Résumé

Pendant environ une décennie, il y a eu un lien étroit entre, d'un côté, l'or trouvé en Ituri (près de la ville de Mongbwalu) et, de l'autre, le conflit armé et l'insécurité. À partir de mi-2005, la région de Mongbwalu a été relativement paisible, ce qui a permis la reprise de l'exploitation artisanale d'or et de nouvelles opérations en vue d'une exploitation industrielle. Pendant les années à venir, l'exploitation et le commerce d'or à Mongbwalu seront profondément modifiés par cette dimension industrielle, entraînant des effets sociaux, économiques et politiques. Cet article décrit les difficultés et dangers liés à l'exploitation artisanale d'or dans la région de Mongbwalu et suit le commerce de l'or à partir de Mongbwalu, à travers des centres commerciaux à l'Est de la RDC, jusqu'à Kampala et plus loin. En 2007, ce 'fleuve d'or' à partir de Mongbwalu a été influencé par différents événements, y compris les sanctions imposées par les Nations Unies, un assassinat mystérieux dans un centre commercial important et la fermeture d'une importante mine d'or. Dans un prochain avenir, l'exploitation et le commerce d'or seront probablement redéfinis, entre autres, par l'industrialisation, par le départ de l'opération de maintien de paix des Nations Unies, ainsi que par des efforts pour rendre le commerce d'or plus transparent pour des fins fiscales.

1. INTRODUCTION

Discussions of minerals and other natural resources generally use the concept of a 'commodity chain' to describe and analyze resource production and trade. For gold mined and traded around Mongbwalu, DRC, however, the metaphor of a river is more helpful for understanding the dynamic processes at work. A commodity chain implies static and solid connections, but a river is constantly changing. A river responds to natural obstructions by carving new channels and reacts to anthropogenic diversions by following new paths to new destinations. A river also has periods of low flows and periods of floods. A calm river can facilitate commerce and development but a raging river can be destructive and deadly.

Like a river that rises, falls, and changes its course, the production and trade of gold from Mongbwalu is constantly in flux. During heavy rains and high water, mining may slow down or stop. When one area is depleted, miners move to new sites. In the last several years, the production and flow of Mongbwalu's gold have been affected by war, industrial interests, UN sanctions, the murder of a prominent gold trader, and the closure of a major underground mine. In the next few years, the production and trade of Mongbwalu's gold is likely to undergo further changes as industrial operations begin, presenting new opportunities as well as new challenges.

This article begins with a short review of the history of gold mining and recent conflict in the Mongbwalu area (2). It describes current gold mining practices and trade at Mongbwalu (3.1), and follows the flow of gold through Bunia (3.2), Ariwara (3.3), Butembo (3.4), Kampala (3.5), and beyond (3.6). It

explains current and future industrial mining operations at Mongbwalu and discusses other contemporary, salient issues (4), after which it concludes (5). Three tables are presented in Appendix I.

2. BACKGROUND

The Banyali people who inhabited the Mongbwalu area prior to the arrival of Europeans used *sasale* (gold) to make jewelry, but they reportedly did not appreciate gold's commercial value outside of their territory¹. In 1903, two Australian geologists were the first foreigners to identify gold in the Agola River, a tributary of the Abombi River about 30 km from Mongbwalu. After subsequent 'discoveries', they named the area 'Kilo-Moto' after a local chief at the Agola site (Ksilo) and the river farther north where they found additional gold deposits (Moto)².

Commercial exploitation by the Belgians started in 1905³. In February 1926, the Belgian colonial government created the *Société des Mines d'Or de Kilo-Moto* (SOKIMO), which expanded operations and industrial mining. SOKIMO, or Kilo-Moto as it was popularly known, built housing, schools, and hospitals for the workers. Kilo-Moto also tightly controlled the mining areas, limiting access to workers and their families. During Kilo-Moto's tenure, it was unheard of for the miners and locals to possess or trade in gold⁴.

On 15 July 1966, during Mobutu's first year in office, the government nationalized SOKIMO and created a new parastatal, the *Office des Mines d'Or de Kilo-Moto* (OKIMO). OKIMO (also called Kilo-Moto) was given exclusive mining rights over 83,000 km² in the Ituri and Haut-Uélé districts of Province Orientale, but it inherited a mining operation in decline⁵. During the 1970s, OKIMO was unable to successfully halt the decline in production due to financial difficulties, an overall declining economy, and enclavement of mining areas due to degraded infrastructure⁶.

On 2 April 1981, the Mobutu regime liberalized the mining sector leading to an influx of foreign companies, foreign investment, and artisanal

¹ Interview in Mongbwalu, February 2008.

² HUMAN RIGHTS WATCH, *The Curse of Gold*, Washington, DC, 2005, p. 13.

³ BEDIDJO, L., "Situation Preoccupante a l'Office des Mines d'Or de Kilo-Moto", Centrale Congolaise Du Travail (CCT), Bunia, 5 January 2007, p. 1. Colonial gold mining relied upon a brutal system of forced labor; e.g. « *It was legal for management to use the chicotte, and at the gold mines of Moto, on the upper Uele River, records show that 26,579 lashes were administered in the first half of 1920 alone. This figure was equal to eight lashes per full-time African worker* ». HOCHSCHILD, A., *King Leopold's Ghost*, London, Pan Books, 1996 (2006), pp. 278-279.

⁴ Interviews in Mongbwalu, February 2008.

⁵ After 1960, the European managers, engineers, and foremen who had run mining operations slowly left their jobs; few Congolese had been trained to take over or manage Kilo-Moto. This had several effects including degradation of the mines and mining equipment, diminishing mining yields, and exploitation of reserve areas due to declining research and prospecting. BEDIDJO, L., *op. cit.*, p. 1.

⁶ *Ibidem*, p. 1.

mining to Kilo-Moto⁷. To facilitate industrial development, OKIMO divided its gold reserves into three concessions. Of these, Concession 40 comprised 8,191 km² around Mongbwalu, including the Adidi, Makala, and Senzere underground mines⁸.

During the 1980s and early 1990s, OKIMO entered into agreements with foreign mining companies, but this failed to halt the decline of gold mining in Kilo-Moto⁹. At the same time, increasing numbers of local people and Congolese from other areas undertook artisanal mining in the Kilo-Moto concessions¹⁰, driven by the lure of wealth, unemployment, and the erosion of OKIMO's production and authority¹¹. The liberalization of the mining sector also provided local businessmen in eastern DRC with a 'dependable hard currency' for their regional trade¹², and prompted the creation of many *comptoirs* that funneled gold and other minerals to traders in Uganda, Rwanda, and Burundi¹³.

Since 1996, war has affected both the Mongbwalu area and the river of gold running from it. As a result of the first Congo war (October 1996 to May 1997), Laurent Kabila reallocated the contract for Concession 40¹⁴, but this

⁷ The legislation was Decree No. 81-013 of 2 April 1981.

⁸ The other concessions are Concession 38: 4,560 km² around the towns of Durba and Watsa (Watsa territory), including the Gorumbwa, Agbarabo, and Durba mines; and Concession 39: 4,880 km² around Djalasiga and Zani (Mahagi territory). The remainder of OKIMO's area of responsibility (approximately 65,000 km²) is designated as an exclusive research zone.

⁹ BEDIDJO, L., *op. cit.*, pp. 2-3.

¹⁰ Although artisanal mining had been legalized by the government, it remained illegal in OKIMO's concession areas except through agreement with OKIMO. During the 1990s, individuals could prospect in the OKIMO concessions (for a 150\$ fee), enter into an agreement to mine an area of 500 m² (for a 250\$ fee), and then legally engage in gold mining (with the requirement of paying 30 percent of the take to OKIMO). Interview in Bunia, November 2007.

¹¹ CADRE DE CONCERTATION (CDC), *Enquêtes sur l'Exploitation Artisanale d'Or en Ituri Effectuées en Territoires de Djugu et d'Irumu* (du 16 au 22 août 2007), Mongbwalu, DRC, 2007, p. 3; Interviews, Mongbwalu, November 2007.

¹² Cf. NABETA, L., TUMUSIIME, J., KAKEMBO, T., "Ugandan economy sees red over Sudan, Zaire wars," *The Monitor*, 19 March 1997, pp. 1-2

¹³ RAEYMAEKERS, T., "The Political Economy of Beni-Lubero" in VLASSENROOT, K., RAEYMAEKERS, T., *Conflict and Social Transformation in Eastern DR Congo*, Gent, Academia Press, 2004, pp. 64-65.

¹⁴ In 1996, Ashanti Goldfields purchased half of the stake of Kilo-Moto Mining International (KIMIN), which had signed a contract with OKIMO in 1991 for mining rights covering an area of 2,000 km² around Mongbwalu. In May 1997, Ashanti lost its rights under 'unusual circumstances' after OKIMO signed a new contract with Russel Resources Group at the direction of Congo's new president, Laurent-Désiré Kabila. In 1998, Ashanti Goldfields regained its rights and changed its name to Ashanti Goldfields Kilo (AGK). On 23 June 2000 OKIMO signed a new agreement with AGK, and on 25 September 2001, the DRC government amended this contract to give AGK rights to the entire Concession 40. In October 2003, Ashanti merged with Anglo Gold to become AngloGold Ashanti. Anglo Gold Ashanti owns 86.22 percent of the new AngloGold Ashanti Kilo (AGK) and OKIMO owns the remaining 13.78 percent. RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, MINISTÈRE DES MINES, *Commission de Revisitation des contrats miniers, Rapport des Travaux*, Vol. 1, November 2007, pp. 101-112; RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, *Assemblée Nationale Commission Spéciale Chargée de l'Examen de la Validité des Conventions à Caractère Economique et Financier Conclues*

produced little real change in Mongbwalu since instability and the second Congo war (August 1998 to May 2003) prevented industrial gold production.

The ethnic war that had been building in Ituri since 1999 finally reached Mongbwalu in 2002. During five major battles for control of Mongbwalu in 2002 and 2003, some 2,000 civilians were killed, often on an ethnic basis¹⁵. After the UPDF's withdrawal from Bunia on 6 May 2003, a new phase of the war began¹⁶. The war in Ituri involved various Congolese armed groups (supported by Uganda or Rwanda) that fought each other, MONUC troops, and the Congolese army (FARDC). Although many of the armed groups were ethnically-based and committed ethnically-motivated massacres¹⁷, these groups also established administrative structures and exploited natural resources including gold¹⁸.

The FNI remained in control of Mongbwalu until mid-2005 although UPC and FAPC were also present in the Mongbwalu area. FNI established its own governmental structure including an agency for mines and energy that granted new concessions and levied taxes and fees upon artisanal miners¹⁹; some FNI combatants also directly engaged in mining²⁰. FNI used money generated by gold mining and trading to support its activities, and even traded gold for weapons²¹.

Pendant les Guerres de 1996-1997 et de 1998, 26 June 2005, pp. 198-199; BURA DHENGO, F., *Quelques Incidences Observées dans l'Exploitation Artisanale d'Or en Ituri Depuis le Régime de Libéralisation d'Exploitation des Ressources Minières, et Perspectives d'Actions Futures*, Bunia, November 2005, p. 2; KENNES, E., "Le secteur mineur au Congo : 'Déconnexion et Descente aux Enfers'", *L'Afrique des Grands Lacs, Annuaire 1999-2000*, Paris, L'Harmattan, 2000, p. 323; HUMAN RIGHTS WATCH, *op. cit.*, pp. 60-61; and ANGLOGOLD ASHANTI, "AngloGold Ashanti's Activities in the Democratic Republic of Congo," undated, p. 3.

¹⁵ HUMAN RIGHTS WATCH, *op. cit.*, p. 23. On 24 November 2002, the UPDF-backed UPC and *Mouvement pour la Libération du Congo* (MLC) defeated the RCD-K-ML at Mongbwalu town. When RCD-K-ML shifted its allegiance to the government of Joseph Kabila in the wake of the April 2002 Sun City agreements, the UPDF had shifted its support to the *Union des patriotes congolais* (UPC). The FNI and UPDF took Mongbwalu from the UPC on 13 March, and FNI established its control over the area around Mongbwalu during April and May. The UPDF had transferred its support from UPC to FNI because UPC had established ties with Rwanda, which by this time was Uganda's main competitor for Congo's natural resources. Notably, the March battle was just six weeks before the UPDF began its withdrawal from Ituri and the DRC. In this context, Uganda's support of FNI appears to have been intended to maintain Mongbwalu and Bunia in the hands of forces friendly to Ugandan business interests, thereby ensuring the flow of gold to Uganda would not be disrupted as a result of the UPDF's withdrawal.

¹⁶ The UPDF handed over control of Mongbwalu to FNI on 1 May 2003. HUMAN RIGHTS WATCH, *op. cit.*, p. 39.

¹⁷ UN ORGANIZATION MISSION IN THE DEMOCRATIC REPUBLIC OF CONGO (MONUC), *Special Report on the Events in Ituri, January 2002 to December 2003*, S/2004/573, 16 July 2004, §41-94, Annex 1.

¹⁸ UN SECURITY COUNCIL, *Report of the Group of Experts on the Democratic Republic of the Congo*, S/2006/53, 27 January 2006, § 116-130.

¹⁹ *Ibidem*, § 88-90.

²⁰ For example, at the Adidi mine discussed below, FNI charged 1\$ for entry to the mine, reportedly making 2,000\$ per month from this fee alone. HUMAN RIGHTS WATCH, *op. cit.*, p. 51.

²¹ HUMAN RIGHTS WATCH, *op. cit.*, pp. 55-56.

The rights to mine gold in Concession 40 currently belong to AngloGold Ashanti Kilo (AGK), which is a joint venture of AngloGold Ashanti and OKIMO. AGK has its office on a hilltop just outside Mongbwalu town, with a view of artisanal mining sites in the valley below (see further discussion in section 4). AGK started its gold exploration program in November 2003 and consequently interacted with FNI, including providing a house to then-FNI leader Floribert Njabu, treating FNI soldiers at the AGK health clinic, and paying small taxes and fees to FNI²². The UN's Group of Experts later exonerated AGK from wrongdoing, stating that « *the violations reported in a previous report are isolated cases and are not a reflection of the company's overall corporate strategy* »²³.

MONUC (and FARDC) slowly established control in Ituri between 2003 and 2006. In April 2005, MONUC based a Pakistani infantry company at Mongbwalu; this diminished the authority of FNI in Mongbwalu and enabled the expansion of AGK's industrial exploration.

3. LE FLEUVE D'OR

3.1. Mongbwalu

Mongbwalu is situated approximately 80km north-west of Bunia in Ituri district. The population of the town and its surrounding camps and villages is estimated to be 50,000. The majority of those living in Mongbwalu town are Banyali and Lendu²⁴, although many other ethnic groups live and work in the area including Hema. The economy of Mongbwalu is centered on gold mining and trade. In the last century, mining in the Mongbwalu area is estimated to have produced 46,000 kg of gold²⁵.

There are three types of artisanal and small-scale mining in the Mongbwalu area: underground mining, open pit mining, and alluvial mining. Currently, there are an estimated 50,000 to 60,000 people engaged in gold mining in Kilo-Moto's Concession 40, with perhaps half this number in the area around Mongbwalu²⁶. These numbers include men, women, and children engaged in extraction, transportation, and processing operations.

²² UN SECURITY COUNCIL, *Report of the Group of Experts on the Democratic Republic of the Congo*, S/2005/30, 25 January 2005, § 131-134.

²³ UN SECURITY COUNCIL, 27 January 2006, *op. cit.*, § 93; cf. HUMAN RIGHTS WATCH, *op. cit.*, pp. 61-77.

²⁴ TOWALIS, F., "Regard sur Mongbwalu, une cité minière et ses réalités", *Les Coulisses*, No. 185-186, 20 décembre au 25 janvier 2008, p. 11.

²⁵ ANGLOGOLD ASHANTI, "AngloGold Ashanti's Activities in the Democratic Republic of Congo", undated, p. 2.

²⁶ Interviews in Bunia and Mongbwalu, November 2007 and February 2008; cf. HAYES, K. *et al.*, *Researching Natural Resources and Trade Flows in the Great Lakes Region*, PACT, June 2007, p. 31. The Cadre de Concertation (CDC) has compiled a non-exhaustive list of 97 operational sites in Concession 40. CDC, *op. cit.*, p. 9, Annex 3.

There are two types of gold, both of which are mined in the Mongbwalu area. *L'or sec* is found in flecks and small nuggets in unconsolidated mineral deposits in river beds or topsoil²⁷. It is obtained through open pit mining and alluvial mining. In the Mongbwalu area, *l'or sec* is approximately 90-95 percent pure. *Amalgame* gold is extracted from rocks that are obtained through underground mining and open pit mining. Specialized transporters (*transporteurs/euse*) or the miners themselves take the rocks from a mining site to one of approximately 200 workshops in the Mongbwalu area where women or young men (*broyeurs/euse*) crush the rocks²⁸. Once the rocks are pulverized into a fine dust, the powder is processed to extract the gold²⁹. Amalgame gold produced in the Mongbwalu area is approximately 82-90 percent pure³⁰. In Mongbwalu town, *l'or sec* commands a roughly 10 percent higher price than amalgame gold, depending on the supply and market prices³¹.

3.1.1. *Underground mining*

There are three old, underground industrial mines near Mongbwalu: Adidi, Senzere, and Makala. The largest of the three is the Adidi mine, located 4km north-west of Mongbwalu town³². Prior to its closure in December 2007, approximately 2,000 '*foreurs*' (men using hammers and picks to break off rocks) worked in shifts around the clock at Adidi to extract rocks (also known as quartz) containing gold ore³³. In addition to the '*foreurs*', other people working inside the mine included site bosses, men bringing in charcoal, men maintaining the generators, and '*transporteurs*'³⁴.

²⁷ *L'or sec* (dry gold) is also known as alluvial gold and water gold. Interviews in Mongbwalu, November 2007 and February 2008; interview in Kampala, October 2007.

²⁸ Typically one load of rocks is divided in two and crushed by two '*broilleuse/eurs*'. A rock crushers are paid 6\$ for breaking up a half-load or 12\$ for a full load; i.e. filling a '*baf*' with rock dust. They break the rocks in a container known as a '*mortier*', using a pile known as a '*pilon*'. Some men and women engage in both transporting and breaking rocks. Interviews in Mongbwalu, November 2007 and February 2008.

²⁹ Gold is extracted from the powder in one of two ways. The dust may be mixed with water and washed down a wooden slide (*drum*) that is covered in a wool blanket; bits of gold settle out in the blanket and are removed when the blanket is washed by hand in a water-filled plastic basin (*baf*). The other method involves mixing the rock dust with water, mercury, and/or chemicals. After this treatment, the mixture is heated over a fire to evaporate the water, mercury or chemicals, leaving the amalgame gold behind. For this reason, amalgame gold is also known as fire gold. Interviews in Mongbwalu, November 2007 and Kampala, October 2007.

³⁰ Interview in Mongbwalu, February 2008.

³¹ Author's observations and interviews in Mongbwalu, November 2007 and February 2008; cf. HAYES, K. *et al.*, *op. cit.*, p. 33.

³² This section is based on personal observations from inside the Adidi mine plus interviews conducted in Mongbwalu and Bunia, November 2007 and February 2008. Cf. HUMAN RIGHTS WATCH, *op. cit.*, pp. 54-55.

³³ Work sites inside Adidi varied in size from a few to 120 men; each site had a boss who was in charge of the site and the workers.

³⁴ The rocks were transported out by men carrying sacks of rocks on bicycles, and by women who carried either '*bafs*' full of rocks on their heads or sacks on their backs supported by straps

On 8 December 2007, the Governor of Province Orientale, Médard Autais Asenga, ordered the closure of Adidi mine, ostensibly for the health and safety of the miners³⁵. The closure of the Adidi mine resulted in considerable tension in and around Mongbwalu³⁶. The closure affected not only the 'foreurs' but also investors, who had purchased supplies such as fuel for use inside the mine. Also impacted were those who transported, crushed, and processed the rocks to extract gold. All told, approximately 5,000 people lost work³⁷.

Following the Governor's announcement, which gave the workers only two days to vacate the mine, the 'foreurs' and others affected by the closure were prepared to demonstrate in Mongbwalu and at AGK's compound. Local Civil Society representatives helped defuse the situation, however, by talking with miners' leaders in Sayo camp and other locations and convincing them to forego a potentially violent demonstration to pursue their grievances politically³⁸. Many miners have subsequently taken a 'wait and see' attitude toward verbal promises of employment made by AGK in the wake of the Adidi closure³⁹.

Despite the closure of Adidi, 'orpailleurs' still enter the abandoned Senzere and Makala mines. These mines, each located about three kilometers from Mongbwalu town, have fewer miners than Adidi. Makala mine is largely

across their foreheads. 'Transporteuses' earn 6\$ for each full load and 3-4\$ for each partial load that they carry out of the mine. Most women try to carry two loads per day. A full load may reportedly weigh up to 60 kg. Interviews and observations in Mongbwalu, November 2007.

³⁵ Conditions in the Adidi mine were unhealthy and extremely dangerous. There was no ventilation inside the mine, so workers inhaled a mix of exhaust from generators (used to pump water out of the mine), smoke from charcoal fires (used to soften the gangue material containing gold), and dust created by the breaking of rocks. Some women working as 'transporteuse' inside the mine experienced sexual harassment and abuse. There was also a high risk of collapse. Most of the rock pillars that served as internal roof supports had in recent years been broken up and processed to extract gold, and small side tunnels had been hacked into the walls of older, main tunnels. During a November 2007 visit to one such area approximately 400 m inside the Adidi mine from the entrance, 'foreurs' had hacked a side tunnel approximately one meter high, five meters wide, and thirty meters long, extending downwards at an angle of roughly five degrees. At the end of this tunnel, three men used hammers and picks to break rocks from the wall. Two other rock-breakers on a rotational break illuminated the work area with small flashlights (the men engaged in breaking the rocks also had small flashlights strapped to their arms). A sixth man gathered the rocks and placed them in sacks. The work area was clouded with rock dust and smoke from a small charcoal fire used to soften the rock wall (though the heat also undoubtedly exerted an effect on the low ceiling). The space was very hot due to the fire, the work of the 'foreurs', and the lack of ventilation. There was only one support pillar in place—a section of an old water pipe approximately 60 cm high and 20 cm in diameter, wedged vertically on the left side of the tunnel close to the work area.

³⁶ TOWALIS, F., "Tension sociale à la cité de Mongbwalu", *Les Coulisses*, N° 185-186, 20 décembre au 25 janvier 2008, p. 11.

³⁷ Interviews in Mongbwalu and Bunia, February 2008.

³⁸ Interviews in Mongbwalu, February 2008.

³⁹ Although miners were evicted from the mine as of 10 December 2007, AGK had still not completely sealed the mine as of late February 2008. Approximately 20 policemen are stationed at the Adidi entrance to prevent the return of the miners. Interviews in Mongbwalu, February 2008.

flooded and requires descending underground, in contrast to the Adidi mine which has a horizontal entry. At Senzere mine, workers crawl through narrow spaces and endure severe work conditions. For example, during the night of 24-25 February 2008, two miners died of asphyxiation inside Senzere after a collapse⁴⁰. Some former Adidi workers have moved to the other underground mines, but these mines are not able to accommodate all those who lost jobs at Adidi⁴¹.

3.1.2. *Pit mining*

Gold is also mined in open pits in the Mongbwalu area⁴². In 2007 there were an estimated 365 pit mining sites in Concession 40⁴³, including about 33 in the Mongbwalu area⁴⁴. These sites are generally located in riparian areas, flood plains, or at tailings sites. Each site has up to ten holes, and up to 15 people work in each hole. These holes are generally up to 30 meters deep and are subject to mudslides and flooding. Over time the pits have gotten larger and deeper as miners have had to expand their search for gold⁴⁵. In the Mongbwalu area, there are semi-permanent camps adjacent to many pit mining sites that may contain anywhere from a few dozen to several thousand miners⁴⁶. Pit mining generally produces l'or sec, although at the Kanga tailings site near Mongbwalu⁴⁷, pit mining produces both l'or sec and rocks that are processed to produce amalgame gold⁴⁸.

⁴⁰ Interview in Bunia, February 2008.

⁴¹ Interviews in Mongbwalu, February 2008.

⁴² Open pit mining is also known as '*ciel ouvert*' (open sky).

⁴³ Interview in Bunia, November 2007.

⁴⁴ JOHNSON, D., TEGERA, A., *Rules for Sale: Formal and Informal Cross-Border Trade in Eastern DRC*, Goma, Pole Institute, June 2007, p. 45.

⁴⁵ Interview in Mongbwalu, November 2007.

⁴⁶ At the large sites there are a chief of the camp, a chief of security, a technical chief, and a medical person. Interview in Mongbwalu, February 2008.

⁴⁷ The Kanga site is downhill and downstream of a Kilo-Moto rock crushing plant and gold refinery that were destroyed during the war. The tailings had been contained by a dam, resulting in a small lake at the site. During the war, the dam was destroyed so the tailings could be mined.

⁴⁸ There is a multi-stage and multi-task process to pit mining. One method involves digging and sorting inside the pit. Diggers shovel dirt and mud into a 'baf' that is placed atop a wooden slide known locally as a '*drum*'; the top of the drum is covered with a section of a woolen blanket cut to the size of the drum. While another man pours water into the 'baf', a third man sifts through the mud and water so that the mixture flows out of holes in the bottom of the 'baf'. At smaller sites, one man may do all three tasks. The water and mud run down the woolen blanket, upon which the heavy gold settles out. The blanket is periodically washed in a 'baf'; the washing releases the gold into the 'baf'. The water is drained from this 'baf' and at the end of the work day the 'baf' and its muddy residue is taken off site for processing. Alternatively, diggers shovel mud/dirt into 'bafs' which are carried up out of the pit and processed at or near the pit in much the same manner described above. Interviews in Bunia, and observations and interviews in Mongbwalu and the surrounding area, November 2007 and February 2008.

3.1.3. *Alluvial mining*

Alluvial mining is the third type of gold mining found in the Mongbwalu area. This mining takes place in rivers and riparian areas, where men, women, and children sift through mud and look for pieces of gold. Many rivers in the Mongbwalu area have been diverted to create shallow mudflats where sifting can take place. In addition to diverting rivers, three businessmen in the Mongbwalu area operate a total of six 'dragues', which are small machines placed in boats or rafts that operate on rivers⁴⁹. Approximately twelve people work at each 'drague'. Divers (*plongeurs*) wearing wet suits and breathing through a tube operate underwater up to three hours at a time, sucking up the river bottom into a hose that supplies those working on the 'drague'. The mud from the river bottom is then sifted to find l'or sec. Alluvial mining is reportedly not as productive now as in the past, due to decades of such operations⁵⁰.

3.1.4. *Social, economic, and environmental consequences of mining*

Despite the wealth contained in the soils, rivers and rocks around Mongbwalu, the inhabitants of the area remain impoverished. The paucity of formal employment leaves mining and its related activities as the most attractive sources of income for many of the area's residents. The work itself is physically demanding and hazardous, but artisanal mining in the Mongbwalu area is also associated with social ills and unstudied environmental effects. In addition, incomes are unpredictable and usually small compared to the relatively high cost of living in Mongbwalu. As one Mongbwalu native stated, « *We are living on gold but we don't resemble it* ».⁵¹

In August 2007, the local coalition of groups working to help improve the lives and livelihoods of artisanal miners, *Cadre de Concertation* (CDC), conducted a survey of miners in Mongbwalu and nearby mining communities that highlights the effects of mining on the artisans, their communities, and the environment⁵². According to the survey results, the physical effects of gold mining and production include diseases due to exposure to rock dust, mercury, cyanide, and acid; a decrease in life expectancy due the demands of the work; miscarriages among women workers; and death and disability due to mine collapses (underground) and slides (pits). The adverse community effects of mining include family separations and divorce; mining by children resulting in illiteracy; sexual abuse of women; and abandonment of agriculture in favor of

⁴⁹ Interview in Mongbwalu, February 2008.

⁵⁰ Interview in Bunia, November 2007.

⁵¹ Interview in Mongbwalu, February 2008.

⁵² This section is based on the results of CDC's survey (CDC, *op. cit.*) and interviews in Mongbwalu, November 2007.

mining⁵³. The survey identified the environmental effects of mining as deforestation; water pollution by mercury and processing chemicals; and negative aesthetic changes to the area⁵⁴.

Artisanal mining is a boom-and-bust profession in which income is usually minimal although miners will occasionally have windfalls. Gold miners around Mongbwalu typically earn 40-60\$ a month, which is insufficient to support an individual let alone a family⁵⁵. Miners who do strike it big often cease mining and spend their money on 'women, alcohol, and meat' until they are completely broke again, at which point they return to mining⁵⁶. CDC is trying to educate miners about financial management and encourage people to invest their earnings in agriculture and other business opportunities. Many of the 'négociants' in Mongbwalu are themselves former 'orpailleurs' who used their earnings to start buying and selling gold⁵⁷.

The production and trade of gold in the Mongbwalu area involves a complex system of taxation and exploitation. CDC has identified thirty separate taxes and fees levied upon gold miners, mine operators, and traders⁵⁸. For artisanal miners, these include 25\$ for a 'carte de creuseur' from the Ministry of Mines in Bunia, twenty to thirty percent of their production to mine operators, and 3\$ per week to mine operators for payoffs to the Congolese army (FARDC) or police (PNC)⁵⁹. Miners or operators who fail to pay these charges and fees are often subjected to administrative, military, or police harassment, extortion and arbitrary arrests⁶⁰. FARDC in particular is reported to be a problem in the Mongbwalu area, directly engaging in gold mining and exploiting or robbing miners. There are Pakistani (MONUC) infantry companies stationed in Mongbwalu and Nizi, but FARDC is present in Bambu and other nearby gold mining areas⁶¹. A common refrain in the Mongbwalu-Bunia area is that the militia groups are gone, but their exploitive activities have simply been taken over by FARDC and the PNC⁶².

⁵³ The survey results indicated there are many former criminals now engaged in artisanal mining; this could arguably have both negative and positive social effects.

⁵⁴ During two visits to Mongbwalu and travel through the mining areas along the road between Mongbwalu and Iga Barrière (November 2007 and February 2008), I also observed other environmental effects such as siltation of streams and diversion of rivers resulting in erosion.

⁵⁵ Interviews in Mongbwalu, November 2007 and February 2008.

⁵⁶ Interviews in Mongbwalu, November 2007 and February 2008.

⁵⁷ Interview in Mongbwalu, February 2008.

⁵⁸ CDC, *op. cit.*, pp. 8-9, Annexe 1.

⁵⁹ CDC, *op. cit.*, pp. 8-9, Annexe 1; interviews in Bunia, November 2007.

⁶⁰ CDC, *op. cit.*, p. 4

⁶¹ FARDC has taken over the old Kilo-Moto head office at Bambu. A Pakistani (MONUC) infantry company was based at Kilo-Moto headquarters in Bambu from November 2005 to November 2006.

⁶² Interviews in Bunia and Mongbwalu, November 2007 and February 2008.

3.1.5. *Buying and selling of gold*

The flow of gold to Kampala begins at the mining and processing sites in and around Mongbwalu. The process of buying and selling gold has remained relatively static, but the trade in gold is affected by both local production and external political and economic events. For example, since December 2007, the volume of gold traded in Mongbwalu has significantly dropped due to the closure of the Adidi mine.

Prior to his murder in July 2007, Butembo's Kambale Kisoni was the main buyer of Mongbwalu's gold⁶³. Kisoni would give money up front to local 'négociants' so that they could purchase gold. These 'négociants' would either provide money to 'concessionnaires' who travel to mining and processing sites in the surrounding area, or buy gold directly from miners and producers. Since Kisoni's death, 'négociants' dealing solely in gold have less working capital with which to buy the gold, making their business more difficult.

There are approximately 250 'négociants' and 'concessionnaires' buying gold in Mongbwalu and its surrounding villages and camps. Of these buyers, 157 operate in Mongbwalu town⁶⁴. Fifty-six 'négociants' are solely dedicated to buying and selling gold⁶⁵, and the rest of the buyers are either 'concessionnaires' or businessmen who trade in gold from storefronts where they also sell or barter commercial goods. Those who operate shops selling consumer goods are able to avoid paying the special taxes levied upon 'négociants'. Like 'orpailleurs' and mine bosses, 'négociants' in Mongbwalu must pay several taxes and fees. Among these are 250\$/year for a permit from the Mining Office in Bunia, 50\$/year to the Mongbwalu mayor's office, 10\$/month in a provincial tax (Orientale), and 50\$/year to the territory (Djugu)⁶⁶.

'Négociants' listen to the radio daily to check on world gold prices; they then set their own buying and selling prices based on the world price⁶⁷. Although nominally sold by the gram, gold is in fact sold using an old (1967) Congolese coin called a 'kitchele' as the unit of measure; one kitchele weighs 1.2 grams. For larger amounts, weights called 'tolas' are used; one tola is equal to 9.5 kitcheles (11.4 g). In February 2008, the buying price in Mongbwalu was 27\$/kitchele (22.50\$/g) for l'or sec and 25\$/kitchele (21\$/g) for amalgame; the selling price was 30\$/kitchele (25\$/g) for l'or sec and 27\$/kitchele (22.50\$/g)

⁶³ This section is based on interviews in Mongbwalu, February 2008.

⁶⁴ In 2007, HAYES, K. *et al.* (*op. cit.*, p. 31), stated that 120-150 gold buyers operate in Mongbwalu town; in 2005 HUMAN RIGHTS WATCH (*op. cit.*, p. 100) stated that miners sell to one of some forty traders who then sell to a second group of ten purchasers.

⁶⁵ Only 13-15 of these 'négociants' are officially licensed by the Bureau of Mines in Bunia. Interview in Bunia, February 2008.

⁶⁶ Interview in Mongbwalu, February 2008.

⁶⁷ 'Négociants' and mine bosses listen to BBC, Radio France International (RFI), and Channel Africa. Interviews in Mongbwalu, February 2008.

for amalgame⁶⁸. Since the closure of the Adidi mine, gold production – and consequently trade – has dropped significantly in Mongbwalu⁶⁹. Before the December 2007 closure, approximately 35-40 kg of gold per month was produced and traded in Mongbwalu⁷⁰. Of this gold, approximately 25 percent was l'or sec and 75 percent amalgame. By February 2008, gold production had reportedly fallen to 14-18 kg/month. With the loss of amalgame produced from Adidi's rocks, the proportion of l'or sec has risen to half to two-thirds of this total.

Gold flows out of Mongbwalu in two main ways. Some 'négociants' travel from Mongbwalu to sell their gold to larger buyers in Bunia or Butembo. Alternatively, 'négociants' sell to agents or large buyers who travel to Mongbwalu from Ariwara, Bunia, or Butembo. Some small-scale traders also travel from Uganda to Mongbwalu, purchase up to a few kilograms of gold, and then travel directly from Mongbwalu to sell their gold in Kampala or Mombasa, Kenya⁷¹. These small-scale traders hide the gold in their socks or elsewhere on their person and cross at small border posts in rural areas where customs checks are minimal or easily handled through bribes⁷². The proportion of the gold trade controlled by large traders versus that conducted by small-scale operators remains uncertain, although large traders are believed to dominate the market.

The main routes used during the militia reign in Ituri to export gold to Uganda are still in use today⁷³:

- Mongbwalu area—Bunia—Kampala (by air from Bunia);
- Mongbwalu area—Kwandroma—Mahagi—Kampala (by road);
- Mongbwalu area—Watsa territory—Ariwara—Kampala (by road);
- Mongbwalu area—Bunia—Beni—Butembo—Kampala⁷⁴ (by road to Butembo and then by road or air from Butembo to Kampala).

As discussed below, during 2007 the main flow of gold from Mongbwalu shifted away from Butembo and towards Bunia before going on to Kampala⁷⁵.

⁶⁸ In November 2007, l'or sec was selling in Mongbwalu for 26\$/kitchele while amalgame gold was selling for 20\$/kitchele. Interviews in Mongbwalu, November 2007 and February 2008.

⁶⁹ This section is based on an interview in Mongbwalu, February 2008.

⁷⁰ Estimates of gold production in the Mongbwalu area include « *over 70 kg per month* » (PACT, *op. cit.*, p. 32); « *between twenty and sixty kilograms* » per month (HRW, *op. cit.*, p. 101); and 40 kg per month (Interview in Mongbwalu, November 2007).

⁷¹ Interview in Kampala, October 2007.

⁷² Interview in Kampala, October 2007.

⁷³ Interview in Bunia, November 2007.

⁷⁴ From Butembo, gold may be transported by road or plane to Uganda, or it may be flown to Dubai (via Entebbe, Uganda).

⁷⁵ Interviews in Mongbwalu, Bunia and Butembo, February 2008.

3.2. Bunia

The capital of Ituri district, Bunia is the main trading town in Ituri for gold. Bunia is just 80 km from Mongbwalu, but until 2006 the voyage by road could take two days. Road work started in 2005 by Nepalese and Uruguayan (MONUC) engineers and continued since 2006 by AGK has now substantially reduced travel time to approximately four hours one-way. Whereas during the war, gold was flown out of Mongbwalu by Butembo Air Lines, gold now mainly flows down the road from Mongbwalu to Bunia. However, perhaps only ten-to-twenty percent of the total gold traded in Bunia originates from the Mongbwalu area.

In Bunia, there are more than 100 'négociants' buying gold⁷⁶. Many of these 'négociants' sit in small storefronts and shacks in and around the Central Market and MONUC Market⁷⁷, buying gold from 'négociants' and 'concessionaires' who travel from the mining areas; occasionally 'orpailleurs' come in person to sell their gold. In order to avoid paying taxes and fees, some 'négociants' operate clandestinely in storefronts where they ostensibly sell commercial goods such as food or hardware, though their real business is buying gold. Many of the 'négociants' in Bunia work for one of approximately 10-15 'bosses' who provide the 'négociants' with the money they need to buy gold. The 'négociants' then sell the gold to the bosses for a slight mark-up in price.

Gold buyers in Bunia deal in approximately 10 kg gold daily⁷⁸. The supply of gold is uncertain, however, and like a river, gold sometimes floods the markets in Bunia while at other times it arrives in a trickle⁷⁹. In February 2008, 'négociants' in Bunia bought gold for 30\$/kitchele (25\$/g) for 1' or sec or 27\$/kitchele (22.50\$/g) for amalgame.

From Bunia, most gold is exported directly to Kampala (85 percent) and the rest flows to Butembo (15 percent)⁸⁰. When a boss has amassed a certain amount of gold, usually at least 5 kg, he flies directly to Kampala to sell his gold, sometimes trading the gold for consumer goods⁸¹. Traders going to Butembo also trade gold for consumer goods⁸².

⁷⁶ During interviews in Bunia in February 2008, two sources stated there were over 100 'négociants' while a third source stated there are approximately 60 'négociants'. HAYES, K. *et al.* (*op. cit.*, p. 31) reported there were 50 gold traders in Bunia.

⁷⁷ The market behind (to the east of) the MONUC compound in downtown Bunia is locally called MONUC Market, although MONUC has no responsibility for or affiliation with this market. This market emerged in 2003 when MONUC established its headquarters in downtown. At that time, the area around the MONUC compound was safer for trade than elsewhere in Bunia, where fighting and looting were commonplace.

⁷⁸ JOHNSON, D., TEGERA, A., *op. cit.*, p. 48; HAYES, K. *et al.*, *op. cit.*, p. 31.

⁷⁹ Interviews in Bunia, February 2008.

⁸⁰ JOHNSON, D., TEGERA, A., *op. cit.*, pp. 48-49.

⁸¹ Interviews in Bunia, February 2008. As of February 2008, there are several airlines flying between Entebbe and Bunia. The commercial airlines flying this route are TMK and CETRACA, each with two flights a week. Two other airlines also fly this route for restricted passengers: AirServ for NGO workers and MAF for missionaries, church workers, and humanitarian

Two events in 2007 affected the flow of gold from Mongbwalu to Bunia. The addition of Kambale Kisoni to the UN sanctions list in March 2007 and his untimely death in July 2007 reportedly resulted in an increased flow of gold towards Bunia and diminished flow to Butembo⁸³. However, any increase in gold coming to Bunia from Mongbwalu may have been offset by the December 2007 closure of the Adidi mine, which has cut gold production in Mongbwalu by half.

During 2008, the DRC government plans to expand its presence and influence over the gold trade in Bunia. To better regulate artisanal production, the federal Ministry of Mines intends to open offices in Bunia and other areas of Ituri that will coordinate work the provincial Bureau of Mines⁸⁴. In addition, the Ministry of Mines intends to open a *Centre d'Évaluation, d'Expertise et de Certification* (CEEC) office in Bunia to better regulate and monitor the trade in gold⁸⁵.

3.3. Ariwara

Ariwara is a fast-growing village-town and trading center in Aru territory approximately 50 km from the border with Sudan and 12 km from the border with Uganda. The market in Ariwara attracts 5,000 people during its peak days, and business in the town is dominated by traders and merchants from central and east Africa⁸⁶. During the war in Ituri, Ariwara became an important town for the trade in gold between Province Orientale and Uganda. In 2008 there were approximately 30 official 'négociants' operating in Ariwara, plus an indeterminate number of unofficial 'négociants'⁸⁷. In the last few years, approximately 120 kg of gold, mainly from Durba and Mongbwalu, may have flowed through Ariwara each month⁸⁸.

A small number of traders have controlled gold exports from Ariwara and nearby Aru town, including James Nyakuni, Vincent Adjua, and Ozia

workers. Eagle Air also operates flights on this route on a charter basis, originating at Entebbe. The price of a one-way flight ranges from 140 to 170\$. MONUC also flies between Bunia and Entebbe for UN staff and other approved travelers.

⁸² Several airlines including TMK fly between Bunia and Butembo. By road, Butembo is approximately 5-7 hours from Bunia.

⁸³ Interview in Mongbwalu, February 2008.

⁸⁴ Interview in Kinshasa, March 2008.

⁸⁵ Interview in Butembo, February 2008.

⁸⁶ In November 2007, there were only ten Indian businessmen and no Chinese businessmen operating in Ariwara. Interviews and observations, Ariwara, November 2007; cf. HAYES, K. *et al.*, *op. cit.*, p. 32.

⁸⁷ Interview in Bunia, February 2008. HAYES, K. *et al.* (*op. cit.*, p. 32) report that there are six large 'négociants' in Ariwara, while HUMAN RIGHTS WATCH (*op. cit.*, p. 104) reported there were more than forty 'négociants' in Ariwara.

⁸⁸ JOHNSON, D., TEGERA, A., *op. cit.*, p. 49; HAYES, K. *et al.*, *op. cit.*, p. 32. HUMAN RIGHTS WATCH (*op. cit.*, p. 104) estimated that in 2004, between 80 and 160 kg of gold was traded each month through Ariwara.

Mazio⁸⁹. The UN Group of Experts estimated in July 2005 that Ariwara's foremost gold trader, Mr. Mazio, was exporting 15 to 18 kg every ten days (45 to 54 kg each month) to Kampala⁹⁰. The Group followed the paper trail of Ozia Mazio's transactions in Aru, Kampala, Nairobi, Dubai, London, Jersey (United Kingdom) and Neuchâtel (Switzerland)⁹¹. In exchange for the gold Mr. Mazio sold to Kampala-based Machanga, he received lines of credit that he used to purchase goods from Hong Kong, Dubai, and Nairobi; he then shipped these goods through Uganda to Ituri duty-free⁹².

In recent years, the trade in gold at Ariwara was closely tied to arms smuggling, support of armed groups, and conflict. The major gold traders engaged in business with Commander Jerome of the FAPC militia and received preferential commercial treatment and safe passage through FAPC's area of control in exchange for a share of the profits⁹³. On 1 November 2005, the Security Council included Ozia Mazio and James Nyakuni on its sanctions list for violating the Security Council's arms embargo⁹⁴, including by providing assistance and funding to FAPC⁹⁵. In July 2006, the Group of Experts reported that Ozia Mazio was continuing his cross-border commerce, and that no action had been taken by authorities in either the DRC or Uganda to comply with UN sanctions⁹⁶. Despite the imposition of sanctions, during 2007 Mr. Mazio was reportedly still doing business in Kampala⁹⁷. In February 2008, Mr. Mazio and other Ariwara businessmen were reportedly buying gold from Mongbwalu twice a week⁹⁸, suggesting that UN sanctions are not significantly affecting this branch of the gold stream.

⁸⁹ UN SECURITY COUNCIL, 25 January 2005, *op. cit.*, §118.

⁹⁰ UN SECURITY COUNCIL, *Report of the Group of Experts on the Democratic Republic of the Congo*, S/2005/436, 26 July 2005, §67. HUMAN RIGHTS WATCH, *op. cit.*, pp. 104-105 referred to this individual as Mr. Omar Oria.

⁹¹ UN SECURITY COUNCIL, 25 January 2005, *op. cit.*, § 119.

⁹² *Ibidem*, § 122-124.

⁹³ *Ibidem*, § 118-120.

⁹⁴ UN SECURITY COUNCIL, *List of Individuals and Entities Subject to the Measures Imposed by Paragraphs 13 and 15 of Security Council Resolution 1596 (2005)*, 1 November 2005.

⁹⁵ Months before the Security Council's action, in July 2005 the EC imposed sanctions on the same individuals and entities later subjected to UN sanctions. In November 2005, the Security Council's action prompted the UK to adopt sanctions, but inexplicably the US did not add these individuals to its sanctions list until March 2007. Cf. BANK OF ENGLAND, *Bank of England Notice, Democratic Republic of the Congo*, 2 November 2005; EUROPEAN COMMISSION, *Council Regulation (EC) No. 1183/2005* (Amended by Council Regulation (EC) No. 1184/2005 of 9 November 2005), OJ L 294, 10 November 2005, p. 3; US DEPARTMENT OF THE TREASURY, "Recent OFAC Actions", press release, 30 March 2007.

⁹⁶ UN SECURITY COUNCIL, *Report of the Group of Experts on the Democratic Republic of the Congo*, S/2006/525, 18 July 2006, § 215.

⁹⁷ Interview in Kampala, January 2008.

⁹⁸ Interview in Mongbwalu, February 2008.

3.4. Butembo

Butembo in North Kivu province is a major trading center for natural resources including gold⁹⁹. Since March 2006, the Ministry of Mines has operated a *Centre d'Evaluation, d'Expertise et de Certification* (CEEC) in Butembo, which documents and certifies transactions in gold and wolfram¹⁰⁰. According to statistics from CEEC, thirty-two 'négociants' operated officially in Butembo during 2007¹⁰¹; during January 2008 twenty-three official 'négociants' purchased gold in Butembo¹⁰². Another forty unregistered 'négociants' are believed to be operating in Butembo, with perhaps only ten percent of the total trade in gold recorded by the CEEC¹⁰³. Some businessmen reportedly travel to Dubai and use gold or a combination of gold and cash money to purchase consumer goods. They transport these goods back to Butembo, from where they are sold and distributed in North Kivu and Ituri¹⁰⁴.

Between July 2006 and January 2008, fifty-one percent of the gold officially purchased by 'négociants' in Butembo came from the Ituri district (Table 1); most of this gold reportedly came from the Mongbwalu area although record-keeping does not record the precise origin of gold traded in Butembo. The buying price of gold in Butembo was relatively stable for most of 2007 but it increased significantly towards the end of the year. In January 2007 the buying price of gold was 20.40\$/gram; by January 2008 the price was 27.58\$/gram, an increase of thirty five percent¹⁰⁵.

Between July 2006 and January 2008, there were only three official exports of gold from Butembo. All three exports were by the *comptoir* Congo Metal to Emirates Gold in Dubai, totaling 37.76 kg of gold valued at 530,461\$¹⁰⁶. However, this represents a small fraction of the total gold traded at Butembo; in July 2005 the UN Group of Experts estimated that Kambale Kisoni¹⁰⁷, the late owner of Congo Metal, was exporting 50 kg of gold to

⁹⁹ Other resources traded at Butembo include diamonds, wolfram, coltan, and cassiterite.

¹⁰⁰ « For all transactions certified by the CEEC, 5% is paid as an export tax (*Droit de Sortie*), 1% is paid to the Province (*Taxe d'Intérêt Commun*), and 1% is paid to the CEEC ». HAYES, K. *et al.*, *op. cit.*, p. 35.

¹⁰¹ CEEC, Antenne de Butembo, *Rapport Annuel 2007*, 2008 pp. 8-9.

¹⁰² That is, those with their *Carte de Négociant*, which costs 250\$ per year. CEEC, Antenne de Butembo, *Rapport d'Activités*, January 2008, p. 4.

¹⁰³ HAYES, K. *et al.*, *op. cit.*, p. 35.

¹⁰⁴ Interviews in Butembo, October and November 2007.

¹⁰⁵ CEEC, 2008, *op. cit.*, pp. 8-9; CEEC, Antenne de Butembo, *Rapport d'Activités*, January 2008, p. 4.

¹⁰⁶ CEEC, Antenne de Butembo, "Exportations des Substances Minérales", 22 August 2007, pp. 1-2; CEEC, Antenne de Butembo, "Rapport d'Activités", July-December 2006, p. 5. The exports took place 31 October 2006 (11,555 gr), 12 December 2006 (13,649 gr), and 31 January 2007 (11,559 gr).

¹⁰⁷ During the second Congo war, Kisoni was briefly was in charge of finances for Mbusa Nyamwisi's RCD-K-ML. Early on during the war, Kisoni created Butembo Airlines, which established an air link between Butembo and Mongbwalu. Butembo Airlines reportedly flew troops and ammunition for the RCD-K-ML and transported gold directly from Mongbwalu to Butembo. When the Ugandan-backed *Front Nationaliste et Intégrationniste* (FNI) took control of

Uganda every ten days¹⁰⁸. In recent years, the actual total exports of gold from Butembo could therefore have ranged up to 1,800 kg each year.

During 2007, gold trading in Butembo was significantly impacted first by Kisoni's addition to the UN sanctions list and second by his murder. Kisoni and his companies CongoCom and Butembo Air Lines were added to the UN Sanctions list on 29 March 2007 because of Kisoni's past ties to Floribert Njabu and FNI when they controlled Mongbwalu¹⁰⁹. The EC, UK, and US also added Kisoni and his companies to their respective sanctions lists¹¹⁰. Since Kisoni bought gold from both Mongbwalu and 'négociants' in Butembo, his listing significantly adversely affected official gold purchases in Butembo¹¹¹. The biggest effect of Kisoni's listing, however, may have been to push the gold trade further into the unofficial sector, outside of the control and monitoring of CEEC and other governmental agencies¹¹².

Kambale Kisoni was murdered on 5 July 2007 in his office in Butembo¹¹³. Although this may have simply been a robbery attempt gone awry¹¹⁴, various other theories have circulated. In the months leading up to his murder, Kisoni was trying to enlist the support of the DRC government to get his name off the UN sanctions list¹¹⁵; Kisoni made a trip to Kinshasa for this

Mongbwalu in March 2003, Kisoni established relations with FNI and its leader, Floribert Njabu. Cf. RAEYMAEKERS, T., *The Power of Protection: Governance and Trans-Border Trade on the Congo-Ugandan Frontier*, dissertation submitted in fulfillment of requirements for a Ph.D. degree in Political and Social Sciences, University of Ghent, Academic Year 2006-2007, p. 113.

¹⁰⁸ UN SECURITY COUNCIL, 26 July 2005, *op. cit.*, § 80.

¹⁰⁹ UN SECURITY COUNCIL, *List of Individuals and Entities Subject to the Measures Imposed by Paragraphs 13 and 15 of Security Council Resolution 1596 (2005)*, 29 March 2007, pp. 2, 7.

¹¹⁰ BANK OF ENGLAND, *News Release, Financial Sanctions: Democratic Republic of the Congo*, 30 March 2007; EUROPEAN COMMISSION, *Council Regulation (EC) No. 1183/2005 (Amended by Commission Regulation (EC) 1096/2007)*, OJ L 246, 21 September 2007, p. 29; US DEPARTMENT OF THE TREASURY, *op. cit.*

¹¹¹ Official purchases of gold in Butembo dropped from an average of 4.3 kg/month between January and March 2007 to 0.3 kg in April 2007. Official gold purchases did not rise above 2.2 kg/month (in August 2007) for the remainder of 2007 and were just 1.9 kg for January 2008. Interestingly, after April 2007 eleven 'négociants' entered the official gold trade, although they each bought small amounts of gold (between 1.9 g and 412 g) during the remainder of the year. CEEC, 2008, *op. cit.*, pp. 8-9; CEEC, January 2008, *op. cit.*, p. 4.

¹¹² Interviews in Butembo, November 2007 and February 2008.

¹¹³ At around 11 am on 5 July, three men posing as businessmen entered Kisoni's office and shot him. After the three escaped in a car with approximately 400,000\$, they proceeded to a house in Butembo where they were later apprehended with three other accomplices. Two of those apprehended were Kenyan and the other four were Ugandan nationals. The six had entered DRC from Uganda through Kasindi. Three Congolese citizens were later arrested for Kisoni's murder. During the week of 21-27 July, the Ugandan government extradited two Congolese suspects, Kyambaliro Paluku Salomon and his wife, Kavugho Katsuva Kaniki Jorim. DRC authorities also arrested another suspect, Muhindo Mwira, a Congolese citizen from Butembo. The nine suspects stood trial and were convicted in July 2007. An unspecified number of FARDC officers were also arrested in late July 2007 for allegedly extorting the money stolen by Kisoni's murderers.

¹¹⁴ ANONYMOUS, "Assassinat du Docteur Kisoni: Crime crapuleux ou politique?", *Le Millénaire*, n° 58, September 2007, p. 2.

¹¹⁵ UN SECURITY COUNCIL, *Report of the Group of Experts on the Democratic Republic of the Congo*, S/2007/423, 18 July 2007, § 138.

purpose just weeks before he was killed¹¹⁶. Frustrated by his listing and the government's unwillingness to help him, Kisoni was reportedly threatening to divulge damaging information about some of his former business partners and allies. Those who may have wanted to silence Kisoni include current and former RCD-K-ML officials with whom Kisoni worked closely during the second war; former FNI leaders fearing prosecution by ICC¹¹⁷; and Ugandan government officials or businessmen with whom Kisoni had close ties¹¹⁸. Another theory suggests that Rwanda and Laurent Nkunda ordered the killing after a falling out with Kisoni. An additional theory postulates that Kisoni was killed as a result of a conspiracy of businessmen who were jealous of his success and domination of the gold trade in eastern Congo¹¹⁹. Adding to the mystery surrounding Kisoni's murder, on 12 November 2007 unspecified gunmen attacked the central prison in Butembo using mortars and rockets in a failed attempt to reportedly liberate those convicted of Kisoni's murder¹²⁰.

It is likely that the true reasons for Kisoni's murder will never become publicly known. Despite Kisoni's death, Congo Metal continues to do business under the direction of Kisoni's wife, although its operations have reportedly significantly decreased due to UN sanctions and the severance of Kisoni's personal connections in Mongbwalu, Kampala, and Dubai¹²¹.

3.5. Kampala

Kampala is the capital of Uganda and a major transit point for gold mined in Mongbwalu and elsewhere in Congo. Uganda has negligible gold production, but for the last decade it has annually exported thousands of kilograms of gold worth tens of millions of dollars (Table 2). Investigations by the United Nations and Human Rights Watch have established that Uganda exports gold that originates in the Congo¹²².

¹¹⁶ ANONYMOUS, *op. cit.*, p. 2.

¹¹⁷ MUKE, C. K., "Dr. Kisonia assassiné pour non respect des engagements", *Les Coulisses*, n° 179-180, 20 July to 20 August 2007, p. 6; MUKE, C. K., "Kambale Kisoni assassiné dans son bureau", *Les Coulisses*, n° 179-180, 20 July to 20 August 2007, p. 6.

¹¹⁸ Interviews in Beni and Butembo, November 2007 and February 2008.

¹¹⁹ ANONYMOUS, *op. cit.*, p. 2.

¹²⁰ Interview in Beni, February 2008.

¹²¹ Interviews in Butembo, October-November 2007 and February 2008; interviews in Mongbwalu, February 2008.

¹²² The Government of Uganda's Porter Commission disputed this finding and asserted that the proportion of gold mined in Uganda is uncertain because production of gold in Uganda is not adequately recorded. The Porter Commission's assertion is borne out by estimates from the Ugandan Ministry of Energy and Mineral Development that 90 percent of artisanal and small scale mining activities in Uganda take place outside the government's legal framework. Still, given Uganda's insignificant gold production, it is clear that the vast majority of Uganda's gold exports originate in the Congo. Cf. REPUBLIC OF UGANDA, *Judicial Commission of Inquiry into Allegations into Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of Congo 2001*, November 2002, pp. 111-113; UN SECURITY COUNCIL, *Addendum to the report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo*, S/2001/1072, 13

Starting in 1995, Uganda's exports of Congolese gold increased as a result of policy changes that emerged from a Mineral Development Project sponsored by the United Nations Development Programme (UNDP)¹²³. A year earlier, in 1994, the Ugandan government abolished the Bank of Uganda's monopoly on the purchase of gold, revoked the gold export tax of three to five percent, and relaxed administrative burdens imposed on trading companies¹²⁴. As a result, Uganda became the preferred destination for traders of Congolese gold. Since 1995, gold has variously been Uganda's second or third leading foreign exchange earner¹²⁵.

As discussed above, the river of gold runs from Mongbwalu through towns in eastern DRC to Kampala. A small number of businessmen including Ozia Mazio and the late-Kambale Kisoni have in recent years apparently brought the largest quantities of Congolese gold to Kampala¹²⁶. However, there are also individuals and small-scale businessmen who buy small quantities of gold in Congo and bring it to Kampala, where they sell it to jewelry stores or directly to Kampala's large exporters.¹²⁷ If the transaction goes through a jewelry store, then the store sells the gold to a large exporter.

Between 2002 and 2006, three companies dominated Uganda's official gold exports. Uganda Commercial Impex (UCI) was the largest gold exporter, followed by Machanga Ltd. and A.P. Bhimji Ltd. Seventeen other exporters account for about five percent of Uganda's gold exports during this time period. Despite the long-standing ties between Uganda's gold exports and conflict in the DRC, until 2006 the Government of Uganda publicly praised and awarded the major Ugandan gold exporters¹²⁸.

The imposition of UN sanctions in November 2005 on Ozia Mazio and James Nyakuni did not affect Uganda's gold exports¹²⁹. In July 2006, the UN's Group of Experts stated that no action had been taken by authorities in either the DRC or Uganda to comply with UN sanctions¹³⁰. Perhaps as a result of this inaction, on 29 March 2007, the UN added Kampala exporters UCI and

November 2001, § 27-28; and JENNIFER HINTON, *Summary Report: Artisanal and Small Scale Mining in Uganda: Key Issues, Constraints and Opportunities*, Entebbe, August 2005, p. ii.

¹²³ UGANDA MINISTRY OF ENERGY AND MINERAL DEVELOPMENT, *The Mineral Policy of Uganda*, September 2000, p. 12.

¹²⁴ UN SECURITY COUNCIL, 26 July 2005, *op. cit.*, § 84; cf. MOBBS, P. M., *The Mineral Industry of Uganda*, U.S. Geological Survey, 1997, p. QQ1.

¹²⁵ BANK OF UGANDA, *Annual Report 2002/03*, Appendix 10, p. 94; BANK OF UGANDA, *Annual Report 2005/06*, Appendix 10, p. 126.

¹²⁶ HUMAN RIGHTS WATCH, *op. cit.*, p. 100.

¹²⁷ Interviews in Kampala, October 2007 and January 2008.

¹²⁸ The annual Presidential Export Awards included among its honorees Uganda Commercial Impex (Gold award—2002-2004, Bronze award—2005), Machanga Ltd (Silver award—2002, 2003), and A. P. Bhimji (Silver award—2004). No gold exporters were given Presidential awards for 2006 due to negative publicity.

¹²⁹ UGANDA MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT, *Background to the Budget, 2007/08 Fiscal Year*, Kampala, Uganda, June 2007, Table 44, p. A55.

¹³⁰ UN SECURITY COUNCIL, 18 July 2006, *op. cit.*, § 215.

Machanga to its sanctions list along with Butembo's Kisoni and his companies¹³¹.

The March 2007 sanctions significantly affected UCI, Machanga¹³², and Uganda's official gold exports. Between January and March 2007, Uganda exported 1,885 kg of gold¹³³; for the rest of 2007 Uganda exported just 1,671 kg of gold¹³⁴. UCI ceased officially exporting gold in May 2007 while Machanga made its last official gold export in April 2007. Six companies entered the market after April and exported gold during the remainder of 2007. In late 2007 UCI unsuccessfully appealed its listing to the UN Security Council, arguing in part that Kisoni's death removed its link to illegal armed groups in Congo¹³⁵.

The Security Council's sanctions on UCI and Machanga raise the question of why the Government of Uganda has escaped sanction for its role in the gold trade. During the last decade, the Security Council negligently failed to apply sanctions when Uganda (and Rwanda) invaded Congo, incited ethnic conflict in Ituri, and plundered Congolese gold and other resources¹³⁶. Then in 2007, after the Government of Uganda had ignored UN sanctions and allowed sanctioned individuals to continue to do business in Kampala, the Security Council added Uganda's two largest gold exporters to its list. It is true that the Government of Uganda lives within the « Green Zone » of US and UK foreign policy – where it is protected from sanctions and provided with large, steady flows of financial assistance – but the Security Council's failure to address state involvement in and tolerance of sanctioned activities suggests it has never been serious about breaking the suspected links between the trade in gold and support of illegal armed groups in Congo. The sanctions are simply a politically-correct, imperial market intervention whose only clear effects have been to shift the flow of gold, hurt a few profit margins, depress Uganda's foreign exchange earnings (after March 2007), and encourage the gold trade to become more clandestine.

3.5. Destinations of gold exported from Uganda

The destinations of gold exported from Uganda changed significantly since 2002 (Table 4). The first shift in exports from South Africa to Switzerland was the result of changes in sales by UCI. The second shift in exports away from Switzerland and towards Dubai is partly explained by

¹³¹ UN SECURITY COUNCIL, 29 March 2007, *op. cit.*, pp. 2, 7-8.

¹³² UN SECURITY COUNCIL, *Final Report of the Group of Experts on the Democratic Republic of the Congo*, S/2008/43, 13 February 2008, § 87.

¹³³ UGANDA MINISTRY OF TOURISM, TRADE AND INDUSTRY, *The Uganda National Export Strategy, 2008-2012*, Kampala, October 2007, Table B2.0, p. 152.

¹³⁴ UGANDA MINES DIVISION, *Annual Statistics 2007*, Entebbe, 2008, p. 5.

¹³⁵ UN SECURITY COUNCIL, 13 February 2008, *op. cit.*, § 87.

¹³⁶ INTERNATIONAL COURT OF JUSTICE, *Case Concerning Armed Activities on the Territory of the Congo* (Democratic Republic of the Congo v. Uganda), General List no. 116, 19 December 2005, § 209, 222-250, 345.

international attention to gold mining in the DRC. The Swiss refinery Metalor, which had been a major importer of gold from Uganda, decided on 20 May 2005 to suspend gold imports from Uganda as a result of reports from Human Rights Watch and the UN's Group of Experts¹³⁷. Although Machanga and A.P. Bhimji were already selling most of their gold to Emirates Gold in Dubai, Metalor's decision prompted UCI to shift its sales to Emirates Gold.

Between 2005 and mid-2007, Emirates Gold purchased more than 18 tons of gold from companies known to trade in gold originating from the DRC. According to the UN's Group of Experts, Emirates Gold « *purchased 10.17 tons of gold from the Kampala and Bujumbura offices of Machanga Ltd., 6.61 tons from UCI, 1.39 tons from A. P. Bhimji Ltd. and 0.03 tons from Congomet* »¹³⁸. At the direction of authorities in the United Arab Emirates, Emirates Gold reportedly no longer accepts gold from Machanga Ltd. or UCI¹³⁹. Throughout 2007, however, Emirates Gold purchased gold from six other Ugandan gold exporters.

4. AGK AND FUTURE CHANGES IN COURSE

In the next few years, the production and trade of gold in Mongbwalu is likely to undergo significant changes as AGK begins industrial mining operations. AGK's operations are an important step forward for the Mongbwalu area, Ituri district, and the DRC as a whole, as they represent the resumption of industrial mining activities that pay taxes to the state and provide formal employment. At the same time, AGK is facing the prospect of displacing thousands of artisanal miners currently working in its concession, potentially creating massive unemployment and social upheaval in and around Mongbwalu.

Since 2005, AGK has been conducting exploration and feasibility studies of mining around Mongbwalu. AGK conducted exploratory drilling between January 2005 and November 2007, and exported more than 30,000 kg of samples to Mwanza, Tanzania for analysis¹⁴⁰. There is considerable suspicion among miners and others in Mongbwalu that AGK has in fact been exporting gold under the guise of exploration, continuing the plunder that took place during the war¹⁴¹. In addition, the Pole Institute has accused AGK of exporting these samples without paying taxes¹⁴², although AGK claims that it pays all required taxes for its operations¹⁴³.

¹³⁷ METALOR, "Metalor and the Democratic Republic of the Congo", press release, 2 June 2005, available through www.metalor.com.

¹³⁸ UN SECURITY COUNCIL, 18 July 2007, *op. cit.*, § 126.

¹³⁹ *Ibidem*, § 127.

¹⁴⁰ JOHNSON, D., TEGERA, A., *op. cit.*, pp. 49-50.

¹⁴¹ CDC, *op. cit.*, p. 4; Interviews in Mongbwalu, November 2007 and February 2008.

¹⁴² JOHNSON, D., TEGERA, A., *op. cit.*, p. 49.

¹⁴³ Email correspondence with AGK representative, March 2008.

Based on the results of the exploratory drilling, AGK completed a conceptual economic study in late 2007 that confirmed an initial open-pit mine resource of 83,000 kg of gold at Mongbwalu¹⁴⁴. The initial resource area is centered on the Adidi sector and the Socumoto sector (which is located about 1 km to the south-east of the Adidi mine), close to Mongbwalu town¹⁴⁵. After feasibility studies are completed in 2010, AGK plans to begin open pit mining at depths of 100 to 300 m. For gold deposits below 300 m, AGK will engage in underground mining. AGK currently expects to officially produce its first gram of gold in 2011¹⁴⁶.

AGK's activities around Mongbwalu have raised concerns among Mongbwalu's artisanal mining community¹⁴⁷. AGK's actions for the welfare of the community have not met local expectations considering that AGK's operations began more than three years ago. First and foremost, the miners, transporters, processors, and others involved in the production of gold want formal employment through AGK. The local mining community is concerned, however, that jobs are being outsourced to people from other countries and other provinces of Congo. There is a widening gap between the perceptions and expectations of the miners and the plans and actions of AGK.

The closure of the Adidi mine has deepened local suspicions about AGK. While the mine was ostensibly closed at the initiative of the Governor of the province due to unsafe conditions¹⁴⁸, it appears that AGK requested the closure of the mine to assert control over its concession and enclose the Adidi area, which is at the center of its planned mining operations¹⁴⁹. Although miners were shut out of Adidi on 10 December 2007, the mine entrance has in fact remained open through February 2008, guarded by twenty policemen and accessible only by AGK workers¹⁵⁰.

To address the concerns of the mining communities and quell social unrest, AGK has taken several actions in Mongbwalu. AGK built a school and undertook improvements to the hospital. Currently, AGK provides money for drugs at the hospital and gives money for salaries for medical staff and teachers¹⁵¹. These actions are both welcomed by the local community and met with skepticism. People don't necessarily see these as benevolent actions but rather as the incomplete fulfillment of AGK's contractual obligations¹⁵². Many of Mongbwalu's miners are the children and grandchildren of miners who

¹⁴⁴ This equates to 2,866,990,980\$ based on the 12 March 2008 world price of gold (979.25\$/oz, 34.54\$/g).

¹⁴⁵ ANGLOGOLD ASHANTI, "Quarterly Report", December 2007, p. 14.

¹⁴⁶ Interview in Mongbwalu, February 2008.

¹⁴⁷ This section is based on CDC, *op. cit.*, pp. 4-7.

¹⁴⁸ Interview in Mongbwalu, February 2008.

¹⁴⁹ ANGLOGOLD ASHANTI, Presentation at the Merrill Lynch Metals, Mining and Steel Conference, May 2007, slide 19; ANGLOGOLD ASHANTI, December 2007, *op. cit. op. cit.*, p. 14.

¹⁵⁰ Interviews in Mongbwalu, February 2008.

¹⁵¹ Interview in Mongbwalu, February 2008.

¹⁵² Interviews in Bunia and Mongbwalu, November 2007 and February 2008.

worked for Kilo-Moto, and they expect that AGK will build housing, schools, hospitals, and provide jobs, just like Kilo-Moto did. The local coalition CDC has asked to see AGK's contract to verify AGK's obligations, but to date the company has not released it.

Other actions provide benefits to both AGK and the community. Since 2006, AGK has made major improvements to the road between Iga Barriere and Mongbwalu, significantly cutting down on the cost and time of travel between Bunia and Mongbwalu¹⁵³. This has facilitated the transport of goods to Mongbwalu and enabled greater commercial trade. For example, the supply of consumer goods has become more reliable and the prices of some food items have dropped since the road improvements¹⁵⁴. AGK also provides some salary support to workers at the aging Budana hydroelectric plant near Bunia, which supplies power for both AGK and Mongbwalu town. In the future, AGK plans to build a new hydroelectric dam on the Ituri River in order to meet its industrial power demands, but the dam will also reportedly provide power to the surrounding area¹⁵⁵.

To address community demands for jobs, AGK is currently planning to undertake a pilot project on one of the five tailings sites in the Mongbwalu area¹⁵⁶. This project has a budget of 1\$ million and will use a portable machine to receive the tailings, concentrate them, aggregate the concentrate, and refine them to provide 'value added' as required by the DRC's mining code (*Code Minier*)¹⁵⁷. The tailings will be fed to the machine by men using wheelbarrows, for although heavy equipment could replace manual labor, the purpose of this project is to create jobs. If the project can cover taxes and salaries and is profitable, AGK will expand to other tailings dumps. Each tailings dump will take up to two and a half years to process¹⁵⁸.

AGK anticipates hiring 300 workers for the pilot tailings project. Since AGK is bringing in only one machine¹⁵⁹, it will only employ 300 workers for this project at any one time, although up to 1,500 workers could theoretically

¹⁵³ As of February 2008, AGK had also completed road improvements north from Mongbwalu to Pluto, with plans to continue construction to Ludjo.

¹⁵⁴ The price of one kilogram of rice has dropped from 600 Cfr to 500 Cfr (US 1\$ = 520 Cfr in February 2008). During the rainy season the price of many goods rose substantially due to the poor road conditions, but they have now stabilized. For example, the price of a bottle of palm oil formerly increased from 400 Cfr to 1,400 Cfr during the rainy season, but the price is now stable all year round. Interview in Mongbwalu, February 2008.

¹⁵⁵ Interview in Mongbwalu, February 2008.

¹⁵⁶ The five tailings sites are Creek, Yedi, Galaya, Issuru, and Kanga. Kanga is currently being mined by artisanal miners.

¹⁵⁷ The machine can process up to 150 tons of tailings a day. The tailings contain 3-3.5 g/gold per ton of soil, so the project could yield 450-525 g/gold per day. AGK is also selling this project as being environmentally friendly. AGK is bringing in a South African NGO called MINTECH, which uses a mercury-free method to process the tailings. AGK also plans to reduce the footprint of the project by filling in the mined area with the excess processed material.

¹⁵⁸ Interview in Mongbwalu, February 2008.

¹⁵⁹ This machine is manufactured in Canada but will be assembled in Johannesburg, South Africa.

be hired to work at the five tailings sites. This is inconsequential compared to the thousands of artisanal miners who lost jobs at Adidi and the thousands more who will be displaced when AGK begins its mining operations. There is a large gap between AGK's plans and the expectations of the mining community at Mongbwalu. Given the latent anxiety and distrust present in Mongbwalu, the failure to close this gap or address it in a skillful and transparent manner could result in social unrest and potentially conflict.

AGK has hired the Lumumbashi-based American non-governmental organization PACT Congo to help it deal with the mining community. In October 2007 PACT opened an office in Mongbwalu. Although PACT is officially helping AGK to develop strategies to spend the company's money better in the community¹⁶⁰, PACT is also playing a public relations role for AGK¹⁶¹. There are widespread perceptions in many circles that PACT has links to the US intelligence community¹⁶². Although such rumors are frequently and carelessly attached to all Americans and American entities in Congo, perceptions can be more important than facts and these perceptions could ultimately affect both PACT and AGK by undermining their efforts to ameliorate the local mining community and attract development partners.

The perceptions and expectations of the mining community in Mongbwalu raise interesting questions about the responsibilities of AGK. AGK is a mining company whose purpose in Mongbwalu is to exercise its legal right, conferred by the government of the DRC, to mine gold. Yet many people in Mongbwalu also expect AGK to act like a government agency or social welfare organization, providing jobs and an array of services. This is the legacy of the colonial mining system in this area under Kilo-Moto. Although Kilo-Moto was highly exploitive of its workers, many people in the Mongbwalu area point out that the company also provided housing, schools, hospitals, and thousands of jobs¹⁶³. No one is quite sure of the legal responsibilities of AGK but there are high expectations that AGK will provide new infrastructure and formal jobs in a manner similar to that of Kilo-Moto¹⁶⁴.

Whatever AGK's contract does say, it will soon be irrelevant because the DRC Ministry of Mines has called for its renegotiation. The Ministry's 2007 contract review recommended that OKIMO's share of AGK be increased to 45 percent; that AngloGold should increase the fee it pays to OKIMO; and that the AGK concession be reduced to approximately 2,000 km², giving total

¹⁶⁰ Interview in Mongbwalu, February 2008.

¹⁶¹ For 2008, PACT will translate, publish and distribute the *Code Minier* so that the mining communities will understand their rights and the rights of the company. It will also engage in several social activities such as a potable water project, and work with local organizations to explore the arenas for collaboration. Interview in Bunia, February 2008.

¹⁶² Interviews in Kampala (January 2008), Bunia (November 2007 and February 2008), and Mongbwalu (February 2008).

¹⁶³ Interviews in Bunia and Mongbwalu, November 2007 and February 2008.

¹⁶⁴ Interviews in Mongbwalu, November 2007 and February 2008.

control of the other 6,000 km² in Concession 40 to OKIMO¹⁶⁵. Civil Society representatives and members of CDC in Mongbwalu have expressed disappointment that they have been excluded from discussions about the content and re-negotiation of AGK's contract, but they hope that after the contract is renegotiated, it will be publicly released, so that AGK's rights and responsibilities can be publicly known¹⁶⁶. An AGK official expressed confidence that the Government of the DRC will not give their contract away to Chinese interests, as has happened in Katanga¹⁶⁷.

Another issue of concern in Mongbwalu is the potential withdrawal of the Pakistani infantry company stationed there. As of March 2008, there were serious discussions underway within MONUC about the re-deployment of all Ituri-based Pakistani Army units to North Kivu, where conflict persists¹⁶⁸. On the topic of the withdrawal of the Pakistani MONUC troops from Mongbwalu, there is consensus among miners, civil society representatives, and AGK: they are all very concerned about security if MONUC leaves¹⁶⁹. The locals are concerned that FARDC soldiers will arrive and exploit miners, as they are reportedly doing elsewhere near Mongbwalu. AGK is concerned about the possible re-emergence of militia groups who would seek to control territory and gold production.

Although the armed groups that wreaked havoc in Ituri have largely been disarmed and contained, the potential exists for conflict to re-emerge. Despite the success of the third phase of the disarmament, demobilization and reintegration (DDR) process in 2007, there are still FNI and FRPI remnants in the bush in Ituri, although their activities are more criminal than political¹⁷⁰. In February 2008, security concerns increased in Ituri after the DRC government arrested and transferred Mathieu Ngudjolo (ex-FNI and FRPI) to the International Criminal Court, where he joins fellow-Ituri warlords Thomas Lubanga (ex-UPC) and Germain Katanga (ex-FRPI).

This latest ICC arrest has complicated efforts by MONUC and the DRC government to bring the remaining small bands of Ituri rebels in from the bush¹⁷¹, but there are also concerns that other former leaders of armed groups who are currently officers in FARDC may go back to the bush out of fear that they too will be spirited away to Den Haag¹⁷². The latest arrest has also created unease among the Lendu community in Ituri about the fact that there are now

¹⁶⁵ RÉPUBLIQUE DÉMOCRATIQUE DU CONGO, MINISTÈRE DES MINES, *Commission de Revisitation des contrats miniers, Rapport des Travaux*, Vol. 1, November 2007, pp. 111-112.

¹⁶⁶ Interviews in Mongbwalu and Bunia, February 2008.

¹⁶⁷ Interview in Mongbwalu, February 2008.

¹⁶⁸ Interviews in Bunia and Mongbwalu, February 2008; and in Kinshasa, March 2008.

¹⁶⁹ Interviews in Mongbwalu, February 2008.

¹⁷⁰ Interviews in Bunia, February 2008 and Kinshasa, March 2008.

¹⁷¹ Ngudjolo's arrest is also reportedly complicating efforts to resolve conflict in North and South Kivu.

¹⁷² Interviews in Bunia, February 2008 and Kinshasa, March 2008.

two Lendu and one Hema at Den Haag¹⁷³. The wounds of the war in Ituri have not fully healed, and additional arrests of Ituri warlords in the near future could re-open these wounds and adversely affect peacebuilding and security in Ituri. In Bunia there is much talk these days about whether there should be justice before peace in Ituri, or peace before justice.

5. CONCLUSION

The hills and valleys around Mongbwalu are the watershed that gathers and funnels gold to Mongbwalu town, from where the gold follows different channels to reach Kampala and foreign destinations. The river of gold is constantly changing in response to local conditions, national policies, industrial interests, security concerns, and geopolitical interventions. As AGK moves forward with its industrial mining operations, it will grapple with both the ghosts of Kilo-Moto and the specter of future conflict that could start locally in response to mining community grievances or regionally in response to international legal proceedings and the manipulation of ethnicity. Ironically, industrial mining is likely to both significantly increase the overall flow of gold from Mongbwalu and significantly decrease the amount of gold passing through the hands of local miners and 'négociants'.

Bunia and Kampala, March 2008

¹⁷³ Interview in Bunia, February 2008. Other Lendu leaders under arrest in the DRC include FNI's Floribert Ndjabu, Goda Sukpa and Etienne Lona; Hema leaders under arrest in DRC include PUSIC's Panga Khawa Mandro. Cf. UN SECURITY COUNCIL, 26 July 2005, *op. cit.*, § 30.

**Table 1. Official Purchases of Gold at Butembo, DRC by Origin
July 2006 to January 2008 (kg)**

area of origin	Jul.-Dec. 2006	Jan.-Dec. 2007	Jan. 2008	total
<i>Province Orientale</i>	13.9	16.0	1.2	31.1
Ituri	10.7	12.6	1.0	24.3
other Orientale districts	3.2	3.4	0.2	6.8
<i>North Kivu Province</i>	5.7	8.8	0.7	15.2
<i>other provinces</i>	0.3	0.6	-	0.9
total	19.9	25.4	1.9	47.2

Source: CEEC, Antenne de Butembo, *Rapport d'activités*, July 2006-September 2007; CEEC, Antenne de Butembo, *Rapport Annuel 2007*; CEEC, Antenne de Butembo, *Rapport d'activités*, January 2008.

**Table 2. Uganda: Gold Exports and Domestic Production¹⁷⁴
1994-2007 (kg)**

	1994	1995	1996	1997	1998	1999	2000
<i>exports</i>	225	905	3,206	7,781	2,132	5,558	7,303
<i>domestic production</i>	2	2	3	6	8	5	56
	2001	2002	2003	2004	2005	2006	2007
<i>exports</i>	6,162	7,117	3,478	5,465	4,241	6,937	3,556
<i>domestic production</i>	0.1	3	40	178	46	22	25

Sources: **For exports**—UGANDA BUREAU OF STATISTICS, *2006 Statistical Abstract*, Kampala, Uganda, UBOS, June 2006, Table 4.2 A, p. 213; MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT, *Background to the Budget, 2007/08 Fiscal Year*, Kampala, Uganda, June 2007, Table 44, p. A:55; YAGER, T. R., “The Mineral Industries of Kenya and Uganda”, in *2001 Minerals Yearbook*, Renton, VA, U.S. Geological Survey, 2001, p. 17.4; YAGER, T. R., “The Mineral Industries of Kenya and Uganda”, in *2000 Minerals Yearbook*, Renton, VA, U.S. Geological Survey, 2000, p. 17.4; UGANDA MINISTRY OF TOURISM, TRADE AND INDUSTRY, *The Uganda National Export Strategy, 2008-2012*, October 2007, Table B2.0, p. 152; UGANDA MINES DIVISION, *Annual Statistics 2007*, Entebbe, March 2008, p. 5.

For production—YAGER, T. R., 2001, *op cit*, Table 1; YAGER, T. R., “The Mineral Industry of Uganda”, in *2005 Minerals Yearbook*, Renton, VA: U.S. Geological Survey, 2005, Table 1, p. 41.3; MINISTRY OF ENERGY AND MINERAL DEVELOPMENT, *Annual Report 2001*, Kampala, Uganda, 2002, p. 40; YAGER, T. R., 2000, *op. cit.*, Table 1; MINISTRY OF ENERGY AND MINERAL DEVELOPMENT, “Metallic mineral production of Uganda”, Entebbe, Department of

¹⁷⁴ There are many different figures for Uganda's gold exports and production, but I have endeavored to cross-check figures and consider the figures in Table 2 to be generally reliable; figures for 2007 should however be considered provisional.

Geological Survey and Mines, 2008; UGANDA MINES DIVISION, March 2008, *op. cit.*, p. 4.

**Table 3. Exports of Gold from Uganda by Destination
2002-2007 (kg)**

destination	2002	2003	2004	2005	2006	2007¹⁷⁵	total
South Africa	4,347.4	1,964.0	187.0	-	-	-	6,498.4
Switzerland	2,581.6	1,124.6	3,549.6	748.7	-	-	8,004.5
Hong Kong	46.0	-	-	-	-	-	46.0
Netherlands	41.0	15.0	-	-	-	-	56.0
United Arab Emirates	20.0	336.0	1,724.8	3,429.3	6,894.2	3,181.2	15,585.5
United States of America	-	31.0	-	-	-	-	31.0
United Kingdom	-	-	-	43.0	-	-	43.0
Belgium	-	-	-	11.0	17.0	-	28.0
Republic of Korea	-	-	-	-	25.0	-	25.0
Tanzania	-	-	-	-	-	0.7	0.7
total	7,036.0	3,470.6	5,461.4	4,232.0	6,936.2	3,181.9	30,318.1

Source: GOVERNMENT OF UGANDA, export statistics, 2002-2007.

¹⁷⁵ The total here is less than in Table 2 due to differences in reporting among government agencies. Although the total gold exports for 2007 are likely closer to the figure presented in Table 2, the figures provided here identify the destination for at least 80 percent of Uganda's 2007 gold exports.