

An Assessment of the Status of Artisanal Goldmining in Northwestern Province, Zambia



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Abbreviations and acronyms

ASM	Artisanal and small-scale mining
BOZ	Bank of Zambia
CCDT	Chibwika Chiefdom Development Trust
CGCZ	Consolidated Gold Company Zambia
CSO(s)	Civil society organisation(s)
EITI	Extractive Industries Transparency Initiative
MMMD	Ministry of Mines and Mineral Development
SARW	Southern Africa Resource Watch
STI	Sexually transmitted infection
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings
ZEITI	Zambia EITI
ZEMA	Zambia Environmental Management Agency

Executive Summary

Generally, gold mining is a lucrative business, with gold currently fetching an average of US\$1 940 per ounce, and priced per gram at US\$610.01 on the world market (metalsdaily.com, 2020: 13.09.20), and with annual production levels in the past 10 years averaging 3500-4000kgs (Ministry of Mines and Mineral Development, 2020; US Geological Survey, 2020), and annual returns in the form of exports averaging US\$164.15 million in the past six years (Bank of Zambia Annual Reports, 2013-2018).

The Zambian government has declared gold a strategic mineral (ZCCM-IH, 2020). In recent years, more gold-rich areas have been discovered across the country, with the latest being Kasenseli Village of Chief Chibwika in Mwinilunga district, North-western Province.

The gold mining sector in Zambia includes large-scale, small-scale, and artisanal operations. The legal framework, which guides the procedures for the acquisition of exploration and mining rights, is administered by the Ministry of Mines and Mineral Development (MMMD). The framework makes it mandatory for every individual intending to engage themselves in any mining activities to obtain a mining licence.

However, most small-scale miners have not been willing to go through the processes of getting a licence that would allow them to legally engage in mining activities. This lack of willingness to acquire licences has been attributed to the lengthy, tedious and costly procedures involved in acquiring such a licence. Currently, the monetary cost of obtaining a mining licence is K48 000 (US\$2 400) for large-scale miners, K4 500 (US\$225) for small-scale miners, and K900 (US\$45) for artisanal miners. In addition to the monetary costs, applicants for a mining licence incur other costs such as environmental impact assessments, obtaining land coordinates etc.

The artisanal and small-scale mining (ASM) sector in Zambia has not been formalised yet, so there is no mechanism in place to monitor activities in this sector.

This has escalated the presence of illegal mining activities among many local communities where gold has been discovered. Further, due to the informal nature of the sector, minerals are often smuggled out of the country unaccounted for, and without any traceable record.

In Kasenseli, gold was discovered by the local people in mid-2019. At the time, two prospecting licence holders were identified, namely Kampoko Resources Company Ltd and PCB. The two companies were, however, declared illegal by the government in November 2019. Both licence holders were ordered to vacate the area, and police were immediately deployed around the area to provide security (Chibwika Chiefdom Development Trust, 2020).

The discovery attracted attention country-wide and people from all walks of life migrated to the area. This led to the increase in illegal gold mining among the local people, as well as among politicians and highly connected individuals in society. An illegal local gold market was established within the Kasenseli area, with people trading in gold nuggets at an average price of K350 to K500 (US\$25 to US\$36) per gram. Over 2000 people camped in the area for the purpose of gold mining. Among them were both local inhabitants and traders from other parts of the country (Chibwika Chiefdom Development Trust, 2020).

In March 2020, Consolidated Gold Company of Zambia (CGCZ) was incorporated and granted an exploration licence by the MMMD. In the first week of April 2020, the company moved on-site to undertake detailed exploration that would determine the extent of gold mineralisation in the licence area. The company had earlier been appointed by ZCCM-IH to oversee and undertake investments in the gold sector's value chain, as well as to drive the formalisation of the artisanal and small-scale mining sector.

CGCZ is currently partnering with the existing small-scale licence holders to set up gold processing lines for all types of gold ore materials, as well as helping them with technical expertise (ZCCM –IH, 2020). The company is buying gold from individuals at an average of ZMK800 to ZMK850 (which translates into US\$40-42.5)

per gram as a way of formalising the sector and keeping records of how much gold is produced by the informal sector (Reuters, 2020; ZCCM, 2020).

In Kasenseli, CGCZ commenced mining activities in the last week of May 2020 upon being granted a mining licence by the government (ZCCM-IH, 2020). The company has since injected approximately K45 million (US\$2 250 000) for the initial phase of the Kasenseli Gold Mine Project in Mwinilunga District.

This study revealed that while the discovery of gold initially provided the local people with a source of income, the taking over of gold mining by CGCZ has left many local people dissatisfied and in misery.

This situation has been attributed to the displacement of indigenous inhabitants from their traditional farming area, without any compensation for the loss of both land and crops. The local people claim that there was no employment offered to them as the company opted to employ people from elsewhere for the initial work of clearing at the mine site.

On the other hand, an interview with ZCCM-IH management revealed that plans were underway to provide several social services to the Kasenseli community as part of the company's corporate social responsibility programme. These include:

- clean drinking water
- employment for the young people
- five per cent equity for the chiefdom
- education scholarships.

The company was also working on modalities to commence the compensation for displaced households in the area, although no actual figures (even of the number of families affected) was shared.

A physical check revealed that the company had already facilitated the sinking and installation of a mechanised borehole. The borehole was built in senior headman Chintete's area. The company had also constructed a community football pitch to be used by the local people for social and recreational activities. The pitch is situated in village headman Ndongu's area. The company indicated that several local people were involved in the initial stages of clearing the area. The Chibwika

Chieftdom Development Trust could, however, only confirm the existence of the borehole and football pitch but could not confirm the other plans indicated by the company management.

Based on the triangulation of the information collected from different sources, this study revealed that there was very little consultation by the company, and very few stakeholders were involved in the process before decisions were made on what social responsibilities should be carried out. The study further concluded that there is asymmetry of information among the different stakeholders in the gold mining chain in Kasenseli. While the chieftdom and ZCCM have a cordial relationship, the local people have little trust in either CGCZ or their representatives in the Chibwika Chieftdom Development Trust, because they suspect that the chief has connived with ZCCM to deprive local people of the benefits of gold mining in the area.

1. Introduction

This report is an assessment of the status of artisanal and small-scale gold mining in Kasenseli, in Mwinilunga District of North Western province of Zambia. The study focus was on the discovery, gold-mining operations, dynamics of the gold trade, and the socio-economic impact that this has had on the lives of the local community in the Kasenseli area, under Chief Chibwika. In the context of the existing legal framework of the mining sector in Zambia, the study assessed the availability and feasibility of strategies and measures put in place by the government of the Republic of Zambia to protect host communities from the adverse effects of the environmental degradation resulting from land exploitation, while at the same time equipping them with the appropriate information for self-representation.

1.1. Background of the study

In the last half of the year 2019, there were several reports of gold discovery, resulting in massive illegal mining activities by the local communities in Chief Chibwika's area of Mwinilunga District. It was later reported in the media that government intervened, and a number of people were arrested, including some police officers. With that background, Southern Africa Resource Watch (SARW)

undertook an initiative to carry out this study with the view of generating information that would help to inform effective governance, as well as enhancing formalisation of artisanal and small-scale mining (ASM), especially gold mining, in the targeted part of Zambia.

1.2 Objectives of the study

To achieve the overall goal of the study, the following specific objectives were pursued:

- to identify the key players in the sector and their respective roles.
- to describe national policies, the institutional and legislative framework, strategies and programmes relating to ASM and gold.
- to describe and understand the contribution of ASM mining to the local and national economy in terms of revenue, job creation, and value addition.
- to identify the social operational challenges of ASM gold mining in the province.
- to identify cases of human rights violations and the role of local and national government in the management of the artisanal gold mining sector.
- to analyse the trade of gold in the affected areas.
- to identify and examine the impact of the sector on local host communities, to inform policy formulation.

2. Context and background

The research process in this study employed diverse and interactive methodologies aimed at soliciting sufficient and validated information for the attainment of the stated objectives. The study adopted a descriptive design that employed both secondary and primary data in achieving the ultimate objectives of the study.

2.1 Data Collection Methods

This research was conducted in August 2020 and involved various methods of data collection that included desk review, focus group discussions, and interviews with key informants.

2.1.1. Desk review

The desk review entailed a systematic review of policy and legal documents in relation to the mining processes in general. These included documents on the legal framework guiding the mining of gold in the country, Extractive Industry Transparency Initiative (EITI) annual reports, mining company websites, as well as other websites containing data relevant to the study. The purpose of this was to understand the structure as well as the guiding principles of mining activities in the country.

2.1.2. Focus group discussions

One of the major groups from which relevant information was solicited was participants in the Mining Indaba that took place on 18 August 2020 in Mwinilunga, which was organized by Caritas Zambia and brought together all stakeholders in the extractive sector, and particularly discussing Kasenseli gold mining. In addition, another focus group discussion was conducted with local community members in Kasenseli village. The purpose was to understand the social, economic, and environmental impact that the mining of gold has had on the local people.

2.1.3. Key informant interviews

Face-to-face and telephone interviews were conducted with various stakeholders in the gold mining value chain. For the purposes of accessing all information required for this research exercise, as well as ensuring triangulation of information sources, the interaction was conducted with all stakeholders in the gold mining processes. The following people were particularly selected: community leaders, the local member of parliament, councilors, church leaders, the chief's representatives, government departments (such as MMMD), as well as other players in the mining industry such as the local community members that participated.



Mr Newton Makayi, member of parliament for Mwinilunga during a face-to-face interview with the researcher. Source: Field Photo

2.2 Sampling frame

The nature of the study took account of the fact that each participant in the gold mining value chain has a particular role that they play (which may vary), ranging from policy and law makers, developers in the gold mining industry, traditional chiefs who are the owners of the surface land, mining licence owners, local communities that are directly affected by the mining activities in their local areas, and civil society organisations that are engaged in advocacy. Purposive sampling was therefore employed in selecting appropriate respondents who would give a well-balanced view of the status of gold mining in Kasenseli. This sampling method involved selecting specific individuals from each category of stakeholders, who were specifically targeted and interviewed based on their specialised role and knowledge.

2.3 Data analysis

The data collected in this study was analysed qualitatively. The analysis involved content analysis where non-structured information was obtained from the open-ended questions that were posed to the various respondents in their ca-

capacity as stakeholders in the gold mining value chain, as well as responses from the focus group discussions.

3. Limitations of the Research

Some of the limitations of the study included the following:

- (i) Although every effort was made to meet with and talk to as many relevant respondents as possible during this evaluation, a number of logistical and practical factors prevented this from being entirely successful.
- (ii) Given the short period of stay in Kasenseli, and the protocol required to meet the chief, it was not possible to see Chief Chibwika, as he was reported to be out of town, and prior arrangements were needed before meeting him. Later, several efforts were made to contact him telephonically through the chief advisor, Doctor Muyinda, but this was not successful. Efforts were also made to contact the chief through Mr Mungwala the secretary of the Chibwika Chiefdom Development Trust, but this too was unsuccessful.
- (iii) Due to limitations of time, the actual victims displaced from their farms were not interviewed. The local people who started the mining activity were also not easily accessible. However, a Mr Maseka was successfully spoken with telephonically, though with some challenges of communication barriers.
- (iv) The actual mining area in Kasenseli is now heavily guarded by the national security and it was therefore not possible to access the gold mining area and physically verify the kind of activities that are taking place inside the mine. The closest the study could get in terms of the gold mining area was based on information from secondary sources.
- (v) Sometimes the required information was not available, and, where it was available it was sometimes difficult to access due to protocols in offices.

4. Main Research Findings

In addressing the objectives of this study, the findings were guided by the research questions formulated at the beginning of this study, which are directly linked to the objectives of the research

4.1. Mining in Zambia

Generally, Zambia's mining industry is dominated by copper and cobalt mining, which has traditionally been concentrated on the Copperbelt Province. However, the industry also engages in the production of other precious minerals such as gold, emeralds, and lime (ZEITI Annual Report, 2018). Further, the concentration of the mining activities in Zambia has recently diversified out of the Copperbelt Province into virtually all the other nine provinces, but mainly the Southern Province, Luapula Province, Central Province, Eastern Province and North-Western Province (widely viewed as 'the new Copperbelt') (ZEITI Annual Report, 2017).

4.1.1. National policy, institutional, and legislative framework

The mining industry in Zambia has a structure that ensures that it is systematically regulated. Through this structure, every mineral discovered and mined in the country is managed. The structure involves policy management as well as legislation. The principle aim of any country's mining legislation is to encourage the orderly exploitation and development of its mineral resources to maximise economic benefit to the country (Muna Ndulo, 2013).

In Zambia, the mining industry is administered by the MMMD, and the primary law governing the mining sector is the Mines and Minerals Development Act NO.11 of 2015, as read with the Mines and Minerals Development (Amendment) Act NO. 14 of 2016. This piece of legislation deals with mining rights, licences, large-scale mining in Zambia, gemstone mining, health and safety, environmental protection, and geological services analysis, royalties and charges. The procedures for the acquisition and exploration of the minerals are basically the same for all types of minerals, and for either state land or customary land (Jalasi and Silwamba, 2020).

The application procedure for the acquisition of mining rights involves the following:

- One needs to fill in an appropriate application form 1. This form is expected to include applicant names, addresses, shareholders, and directors, coordinates in correct format etc. To these applicants are expected to attach all relevant accompanying appendices.

- The Registrar of Mining Rights must review a checklist of requirements before payment of the relevant application fee is made.
- The application form is then submitted, and a pink receipt copy sent to the Registrar of Mining Rights and countersigned in the register.
- Finally, a Mining Licensing Committee will convene to consider successful applicants, who are then notified accordingly.

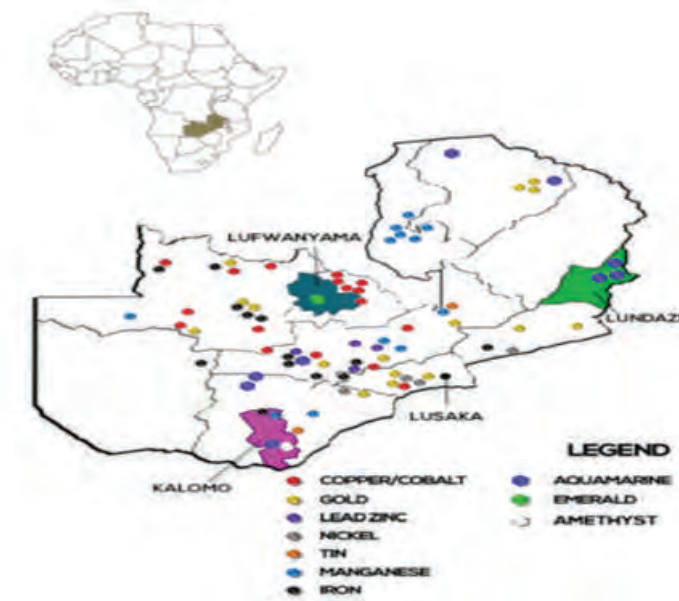
4.1.2. Gold mining in Zambia

The primary attraction for the first European traders who came to Zambia, before the comparative demand for copper and ivory increased, was gold (Ndulo, 2013). By the year 2010, 300 gold occurrences had been recorded, although most of them were only prospects (ZEITI Reconciliation Report, 2011:pg20).

Gold occurrences have been reported and confirmed in twenty-two (22) districts, namely Vubwi, Solwezi, Luano, Mumbwa, Petauke/Lusangazi, Mwinilunga, Rufunsa, Senga Hill, Lundazi, Lumezi, Kasempa, Chongwe, Chisamba, Serenje, Mufumbwe, Chipata, Kabwe, Kapiri Mposhi, Mkushi, Chitambo, Kafue and Chilanga (Ministry of Mines and Mineral Development, Planning Department, 2020). Currently, there are over 60 gold mining areas around the country, and local people are mining in these areas (ZCCM IH, 2020).

Gold mineralisation also occurs in major thrust zones near the base of the Katanga secession. The largest historical gold producers are Dunrobin (990kgs) and Matataba (225kgs) in the Mumbwa area, and Jessie Sasare (330kg) in Eastern Zambia (ZEITI Reconciliation Report, 2011: pg20).

More recently, gold has been discovered in the Eastern Province, Central Province (Mumbwa District), Northwestern Province, and elsewhere (ZEITI Annual Report, 2017). It is difficult however, to quantify the amounts of gold being mined and traded by artisanal and small-scale miners as reporting mechanisms are still being worked on (Ministry of Mines and Mineral Development, Planning Department, 2020).



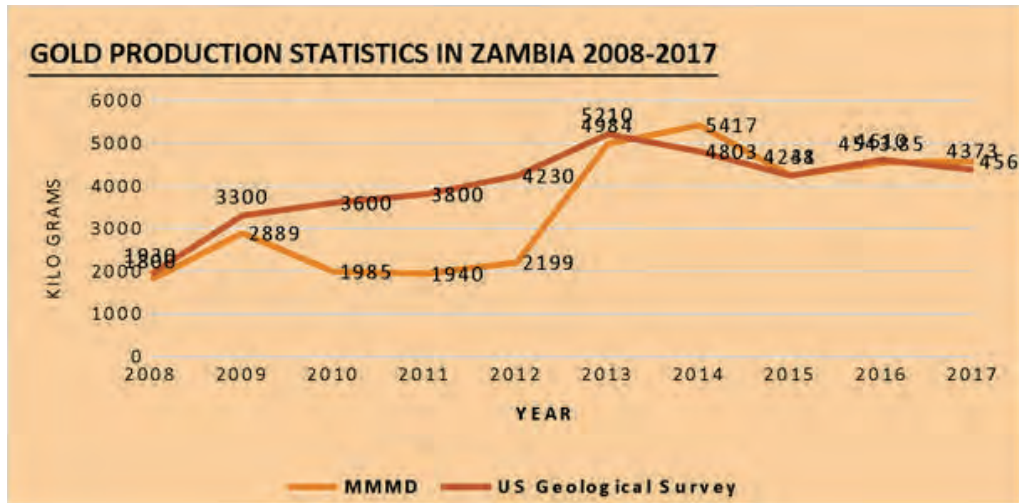
Source: Mirriam Siwale, (2019)

4.1.3. Gold production in Zambia

The government of the Republic of Zambia, through the Ministry of Mines and Mineral Development, compiles annual statistics of minerals produced in the country. The United States Geological Society also publishes information on mineral production across all countries around the world. Using these two sources of information, the study obtained statistics of the total gold production in Zambia over a period of 10 years, spanning from 2008 to 2017.

These statistics reveal huge variations in the figures compiled by these two sources, with those obtained from the MMMD largely characterised by lower figures compared to those from the US Geological Survey.

The variations observed from the different sources of data could be a reflection of the uncertainty about the actual amounts mined in the country, largely due to a non-formalised artisanal and small-scale mining (ASM) sector where gold outputs are traded without any formal records.



Source: Ministry of Mines and Minerals Development and United States Geological Survey

4.1.4. Contribution of gold mining to the national economy

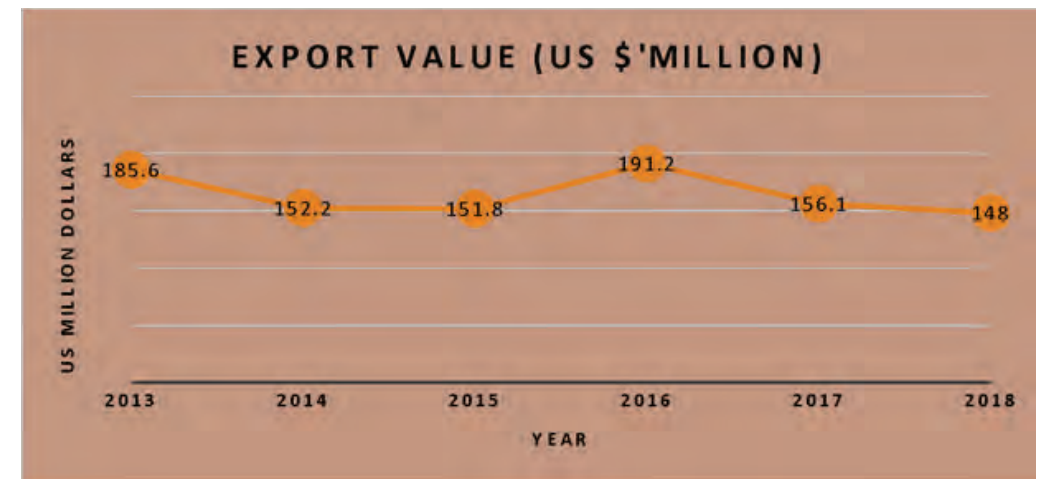
The significance of gold production in Zambia cannot be over-emphasised. This is on account of the amount of revenue that gold fetches on the world market. Official figures obtained from the London Metal Market indicate that the price of gold is averaging US\$1 940 per ounce, priced per gram at US\$610.01 (metalsdaily.com, 2020: 13.09.20).

In terms of revenue contribution to the country, the study revealed that gold brings an annual average return of US\$164.15 million in the form of exports (MMMD, 2019). This was based on the amounts of exports compiled over a period of five years, i.e. 2013 to 2018. See Figure below.

4.1.5. Artisanal and small-scale mining (ASM) in Zambia

The ASM sector has become an important and growing part of the mining industry in Zambia (Siwale, 2019). The sector, which covers both formal and informal mining, is often characterised by low capital intensity and high labour intensity, as well as relatively simple methods of exploration, extraction, and processing of minerals (World Gold Council, 2020). As such it is a source of revenue and livelihoods for local communities that have no viable alternatives.

Small-scale licence holders for gold mining lack the appropriate equipment and



Source: Ministry of Mines and Mineral Development (2020)

skills necessary for exploration of gold, so they mostly mine alluvial gold which only involves sifting through gravel to separate the gold pieces, using a gold pan, and washing the ore in water (ZCCM-IH, 2020). This method is not sufficient to manage the extraction of hard rock gold mining and processing. This is because gold is found in rocks that need to be extracted from beneath the ground, crushed and milled into very fine particles, then chemically processed using leaching processes to extract the gold.

Ideally, these artisanal miners are supposed to purchase licences, provide environmental plans, as well as pay fees to relevant authorities in the mining chain.

However, even though in Zambia the system is decentralised with established offices in each province, many people intending to engage in mining activities do not follow this legal process, as they find it overly tedious and costly in terms of both money and time involved.

Currently, the monetary cost of obtaining a large-scale mining licence is K48 000, (US\$ 400). A small-scale mining licence costs K4 500 (US\$225), while an artisanal mining licence costs K900 (US\$45) (Planning Department of the Ministry of Mines and Mineral Development, 2020).

It is also important to note that these processes take place within provincial headquarters where Ministry of Mines offices are located. Local people in

remote areas therefore have to travel long distances to the provincial headquarters to process their papers. For example, the distance from Mwinilunga District to Solwezi town, where the provincial headquarters is located, is approximately 275.1 km, translating into at least 4 hours 38 minutes. For an average person, this is quite a costly venture to undertake, as it takes more than a day to process the papers. This has resulted in most of them engaging in illegal mining, and the result is that mining commodities are sometimes smuggled out of the country, without any traceable record (mine.nridigital.com, 2020).

The World Gold Council, (2020) further observed that because of the lack of a specific regulatory framework, as well as weak law enforcement in this sector, the sector is often associated with social conflicts, human rights violations, environmental degradation, poor health and safety safeguards, and practices that often impact negatively on the local communities.

4.1.6. Formalisation of the ASM sector in Zambia

While Zambia may not have a reference point in terms of artisanal contribution to the national gold output due to lack of formalisation, the sector contributes immensely to national gold production. Examples from other countries with formal records attest to this. Records indicate that in Zimbabwe, for example, artisanal and small-scale mining contributes 60 per cent of the national gold output, while in Ghana, the sector contributes 25 per cent of the national output. In Tanzania, the sector contributes 25-30 per cent of the national gold output (ZCCM-IH, 2020).

In Zambia, the ASM sector has remained unregulated for a long time, so there are no records whatsoever indicating the amount of gold that is mined within this sector or how much is contributed by this sector towards national gold production. However, it is worth noting that the formalisation process for this sector was initiated in 2016, and a multi-ministerial taskforce was formed to come up with a plan to formalise the sector. Entities involved in this task force included the Ministry of Mines and Mineral Development, the Ministry of Commerce, Industry and Trade, Home Affairs, the Bank of Zambia and ZCCM-IH.

In early 2020, a team of experts from ZCCM-IH visited Zimbabwe, Tanzania, and Ghana for benchmarking. These are countries that have managed artisanal and small-scale mining over time and have formalised their industry in this sector. The effort to formalise this sector in Zambia is out of recognition of the significance of the ASM industry in contributing to the national output of gold (ZCCM, 2020).

It is expected that formalisation of this sector in Zambia will ensure that activities and programmes are managed well in relation to the exploitation of gold mining throughout the value chain in the mining sector.

Statistics of gold production records from this sector will be compiled officially and will be included in the annual reports for the Zambia Extractive Industry Transparency Initiative (ZEITI). Formalisation of the sector is further expected to assist many small-scale miners to obtain licences that would help them participate legally in the mining processes.

The Ministry of Mines and Minerals Development in collaboration with Ministry of Commerce, Trade and Industry have continued to formalise the ASM sector through the formation of mining cooperatives to empower them with equipment. Currently there are 32 registered mining cooperatives across the country and the ongoing formalisation process is still to cater for other districts where gold occurrences have been reported.

4.1.7. Consolidated Gold Company Zambia

Government recently declared gold as a strategic mineral. This means that gold will no longer be treated like any other mineral but will instead have targeted interventions to ensure that Zambians benefit greatly from it. Following this declaration, the Zambia Consolidated Copper Mines Investment Holding (ZCCM-IH) was mandated by the government to drive the national agenda concerning gold. To that effect, all gold mining companies intending to invest in the mining sector are granted licences on condition that they partner with ZCCM (ZCCM-IH, 2020).

In early 2020, ZCCM-IH incorporated the Consolidated Gold Company Zambia (CGCZ) with a view to setting up a gold refinery where all activities and programmes in the gold mining value chain will be processed. The company was to oversee and undertake investments throughout the gold sector's value chain. In terms of shareholding for this company, ZCCM-IH owns 51 per cent shares while the government (through Ministry of Finance) owns 49 per cent. CGCZ is currently partnering with existing small-scale licence holders to set up gold processing lines for all types of gold ore materials, as well as helping them with technical expertise (ZCCM –IH, 2020).

In a bid to formalise the unregulated sector, ZCCM-IH embarked on a project of buying gold from artisanal and small-scale miners from February 2020, thus providing an open market and competitive pricing for the mining sector (Reuters,

2020). In an interview with ZCCM public relations manager, it was confirmed that the company was buying the mineral at an average price of ZMK800 to ZMK850 (US\$40 to US\$42.5) per gram. The company decided to relax the conditions of trading in gold by requesting that anyone with the mineral, and wishing to sell, be allowed to do so, provided only that they present their national registration cards in the absence of a mining licence.

Further, government through CGCZ has given artisanal miners gold-panning certificates to legalise their alluvial or riverbed gold mining activities (ZCCM-IH, 2020).

However, this development has not completely stopped illegal mining, and ultimately illegal selling of the commodity. It was confirmed by ZCCM that the illegal trading has continued even with the open-door policy offered to artisanal and small-scale miners.

In Kasenseli, CGCZ commenced mining activities in the last week of May 2020 upon being granted a mining licence by the government. The company has since injected approximately K45M (US\$2 250 000) for the initial phase of the Kasenseli Gold Mine Project in Mwinilunga District (ZCCM-IH, 2020).

4.2. Gold mining in Mwinilunga

In the recent past, reports of mineral discoveries have risen in the North Western Province of Zambia, particularly in Mwinilunga District. In a face-to-face interview, the honorable member of parliament for Mwinilunga constituency, Newton Makayi, revealed that the first gold discovery made in the district was in the year 2017/2018, in Senior Chief Sailunga's land, which stretches from Mwinilunga town to Kabompo River. Local people in this chiefdom were digging trenches and mining gold which they were washing with mercury. However, the local authority intervened and closed the pits upon learning that this method of cleaning gold was a health hazard. Other areas with gold in the district include Ramata Gold Mine. The area also produces copper and cobalt. The other area is Kaluba gold mine (under Chief Sailunga) which produces gold, as well as in Chief Ntambo's area where gold has not yet been exploited. Because of the informal nature of gold trading in these rural areas, traders had created cartels to which they would sell the gold but they would not reveal their market to any person they didn't trust for fear of prosecution.

The latest gold discovery in the province was at Kasenseli in Mwinilunga District, where gold was discovered around mid-2019, particularly along Ka-

senseli River. The gold deposits were later confirmed by experts from the Ministry of Mines and Mineral Development (miningforzambia.com, 2019).

Government has not yet done a full geological assessment to determine the actual size of Kasenseli gold reserve.

Only preliminary geological assessment has been conducted and the report is yet to be released to the public (Mines and Minerals Development, Planning Department, 2020).

4.3. Gold in Kasenseli

Situated about 18 kilometers from Mwinilunga central business district, Kasenseli area is found in Chief Chibwika's territory. The area has six village headmen spread across approximately 3 kilometers, with an approximate population of 20 000 people. Chibwika chiefdom is one of the six recognised royal governance structures of the Lunda-speaking people of Mwinilunga District, and Chief Chibwika is the presiding chief for the whole chiefdom where the Kasenseli gold has been discovered (Chibwika Chiefdom Development Trust, 2020). The Zambia Mining Cadastre Portal (2020) indicates that the large-scale exploration licence for this area belongs to Chilibwe Mining Limited. The licence was granted on 17 May 2018 and expires on 16 May 2022. The licence covers a total area of 77947.5855 Hectares, and commodities licensed to be mined include copper, cobalt, gold, iron ore, lead, limestone, and manganese.



One of the houses in Kasenseli Village, Source: Field Photos

4.3.1. The discovery of gold in Kasenseli

Towards mid-2019, media reports indicated that a group of primary school pupils in the Mwinilunga District of North-Western province were found by their teacher playing with pieces of raw gold. With no idea of the value of these gold nuggets, the pupils said that they had picked the nuggets from the nearby Kasenseli River. The teacher quickly rushed to the area and got chunks of nuggets which were awash by the riverbanks of Kasanseli River after a heavy downpour (smartcontactsafrica.com, 2020). Following this discovery, people flooded into the area, and set up a camp at Kabanda, in the bush near the mine, where they engaged in illegal mining of gold (Lusakatimes, November 12, 2019).

However, a face-to-face interview conducted with Mr Mungwala, who is secretary of the Chibwika Chiefdom Development Trust, revealed that contrary to the earlier reports, gold nuggets in the area were accidentally unearthed by some youths who were crushing stones to sell to the Chinese company contracted to build the district hospital in Mwinilunga (at Kawiku). This information was also contained in a documented report entitled “The Kasenseli Gold: Its Genesis and Developing Story” written by the Chibwika Chiefdom Development Trust. The report was presented to various stakeholders during the Mwinilunga District Mining Indaba held on 18 August 2020 in Mwinilunga. The report further said that the people involved in the initial discovery of this gold picked the coordinates and acquired a prospecting licence with consent from the large-scale prospecting licence owner (Chilibwe Mining Limited).

The prospecting licence holders that were identified at the time were Kampoko Resources Company Ltd and another company called PCB. The two companies engaged community youths and Zambian police officers from Mwinilunga and Solwezi to provide security in the area. The companies were later declared illegal in November 2019 following the Zambian president’s visit to the area, where he further gave a directive for all operations in the area to be halted, and both licence holders were ordered to vacate the area.



A local person in Kasenseli showing Gold Nuggets
Source: Chibwika Chiefdom Development Trust, 2020

In the meantime, massive illegal gold mining escalated among the local people, as well as those who came from outside the district and camped in the area. The estimated population of the people who camped in the area for the purpose of gold mining exceeded 2000 (Chibwika Chiefdom Trust, 2020). A market was created within the Kasenseli area, where people traded gold nuggets at an average price of K350 to K500 (US\$17.50 to US\$25.00) per gram. The people trading in this gold were both from within and outside the district. However, once gold was bought from here, there was no further mechanism of monitoring and knowing where it was taken to.

In March 2020, Zambia Gold Company was granted an exploration licence by ZEMA, and by the first week of April 2020 the company moved on-site to undertake detailed exploration that would determine the extent of gold mineralisation in the licence area. The full extent of this mineralogy is yet to be established and revealed to the public. State police from Solwezi and mobile police from Kamfisa were deployed in the area to provide security (Chibwika Chiefdom Development Trust, 2020). Below is a diagrammatic illustration of events in Kasenseli following the discovery of gold.

The company marked and fenced the site where official gold mining was now being done. However, the portion of land taken over and fenced by the company was part of the passage route leading to the farming fields for local people, and in some instances the actual farming fields for the people of Kasenseli Village.

Approximately 67 cassava field owners registered through Chibwika Chiefdom Development Trust as being among the farmers whose fields were no longer accessible.

The Chibwika Chiefdom Trust, which is an association that acts as the link between the chief and the local people, confirmed that the list had since been

shared with ZCCM, and that an assessment was yet to be carried out to identify those who needed to be compensated.

CHRONOLOGICAL ORDER OF EVENTS IN THE KASENSELI GOLD MINING

JUNE 2019

Discover of gold nuggets in kasenseli

NOVEMBER 2019

Presidential visit at the mining site & declaration of the two licence holders as illegal

MARCH 2020

Illegal mining by the locals escalated
Consolidated gold company of Zambia granted exploration by ZEMA

MAY 2020

Consolidated gold company of Zambia commenced mining activities

AUGUST 2019

Kampoko Resource Company LTD & PCB moved on the area as Prospective Licence Holders & Influx Of Illegal Mining

JANUARY/FEBRUARY 2020

Consolidated gold company of Zambia formed by ZCCMH-IH to oversee & undertake investments in the gold sector's value chain.

CGCZ share holding min of finance 49% vs 51% ZCCM-IH

APRIL 2020

Consolidated Gold Company Of Zambia granted Exploration Licence By ZEMA & moved on to site to start Clearing.

Consolidated gold company engaged youths to help with exploration and fence the exploration area

JULY 2020

Consolidated gold company of Zambia commenced mining activities

Source: Researchers construction based on information collected from the field

4.3.2. The impact of gold mining on the local community

The impact of the gold discovery in Kasenseli was analysed based on face-to-face interviews carried out with selected individuals from the gold mining area, as well as focus group discussions conducted with various groups of stakeholders that included some local youths at Kasenseli village, headmen that attended the 2020 Mining Indaba in Mwinilunga, Mudanimu Ward councilor under chief Chibwika, the Mwinilunga Development Council of Elders, and the Zambia Gold Mining Company (which is the developer of the mining area).



A group of youths from senior headman Chintete's area, Kasenseli. Source: Field Photo

Interviews with the different stakeholders revealed the following:

- Prior to the discovery of the gold, local people in this area traditionally earned their livelihoods through farming.
- The discovery of gold in this area created new means of livelihoods for these people, through illegal mining of alluvial gold, which fetched them an average of K350-K500 (US\$17.50-US\$25.00) per gram within the local market.
- When ZCCM took over, the local people not only lost their newly discovered source of income of alluvial gold mining but were also denied access to their fields which had now been fenced off, within the mine's radius.
- The gold rush that resulted from the discovery of gold at Kasenseli brought about overpopulation of the area, more than 2000 people, among them foreign nationals from neighboring countries such as DRC and Tanzania. These countries were, however, only identified through speculation based on the languages they spoke, but there is no official record to determine their nationalities (Chibwika Chiefdom Development Trust, 2020).
- The overpopulation resulted in several broken marriages, increased prevalence of strange STIs, and in some instances armed criminals had found a hiding place there.
- The only health facility (at the army checkpoint) was over-congested, and at some point, it ran out of drugs, particularly those used for the treatment of STIs.



Part of the road going to the farming fields for the locals that has since been fenced off by the Consolidated Gold Mining Company of Zambia.

- The influx of people around fields and homes of the Kasenseli community further disturbed their farming activities, threatening starvation. Cassava soaking ponds were badly polluted with sewerage as the temporary camps in the bushes hardly had toilets.

With the coming of ZCCM to Kasenseli, and the setting up of a mining company, it was expected that the local people would benefit from the endowment in the area.

Specifically, the youth indicated that when the company took over the mining of the area, there were promises to the effect that the CGCZ would, among other things:

- work hand in hand with the local people to improve the road network.
- improve the water reticulation in the area.
- bring power.
- bring a hospital.

However, at the time of this research, most of these corporate social responsibility promises had not yet been fulfilled by the company. And while the upgrading of the football pitch in the area by the company was appreciated as it provided a form of recreation to the local youths, the majority indicated that it was not a priority for them. The most frequently expressed concern was about employment creation in the area. Respondents indicated that people who are currently

employed at the mining site are not residents but were brought in by the gold company. Respondents strongly expressed their disapproval of the presence of ZCCM in the area, as the company had reportedly done more harm than good. However, when interviewed, ZCCM refuted these claims and claimed that the company had hired residents for all the initial assignments of clearing and fencing the mining area. This was confirmed by the Chibwika Chiefdom Trust secretary, Mr Mungwala.

The council of elders interviewed expressed dissatisfaction with the fact that there was a breakdown of communication between the chief and his representatives on one hand, and the elders representing the plight of the local people. This was because of the mistrust that was arising within the chiefdom regarding the secret way agreements were being made between the mining company and the chiefdom. The elders further lamented that while the district had been found with such a valuable mineral, the main road connecting it to other provinces was still in a deplorable state.

Headmen spoken to indicated that the major problem that they had with the commercial company mining in the area was that they were not getting any shares from their own mineral-endowed area.

However, some youths interviewed expressed appreciation for the football pitch situated in village headman Ndongu's area, which was recently upgraded by CGCZ, while a number of women indicated that the presence of a new borehole in senior headman Chintete's area had lightened the burden of fetching water from their traditional water sources such as wells and rivers.



Part of the football pitch in village Headman Ndongu's area, which was recently upgraded by the Consolidated Gold Company Zambia Limited. Initially, the pitch had an uneven surface.
Source: Field Photo

4.3.3. Corporate social responsibilities of CGCZ

Under the beneficiation policy of the Southern African Development Community (SADC), Zambia should get a fair share of the gold earnings rather than just the investor, so as to benefit the local community through jobs and corporate social responsibility programmes (Zambian Observer, 2019). Being a signatory to various SADC treaties, government authorities are aware of this policy of beneficiation, and all commercial companies that intend to invest in any local places are made aware of such requirements.

An interview was conducted with the ZCCM-IH management to establish the company's position with regards to its corporate social responsibility in Kasenseli.

It was revealed that plans were currently underway to bring several social services to the Kasenseli community that would benefit the inhabitants of the area.

These include:

- clean drinking water
- employment for the youth
- 5 per cent equity for the chiefdom
- recreation facilities
- education scholarships for the young people
- compensation for any people displaced by the mining activities.

In addition to the social responsibility programmes promised, the company further pointed out that they had already facilitated the building of a mechanised borehole (solar powered, with a 10 000-liter tank, located in senior headman Chintete's area), and had graded a football pitch to be used by the local people for recreation (situated in village headman Ndongu's area).

Some people found fetching water at the borehole facility were interviewed and expressed gratitude to ZCCM for the facilities. However, they indicated that everyone in the village had abandoned their traditional source of water and were now overcrowding the newly constructed borehole. They hoped that more such facilities would be constructed within the area.



A mechanised borehole, solar powered with 10 000 -liter tank, constructed by the Consolidated Gold Company in Kasenseli. Source: Field Photo.

5. Conclusions

The study focus was on gold mining in Zambia, and specifically on the recent discovery of gold in Kasenseli, in Mwinilunga District of North Western Province in Zambia.

The study identified two main areas of concern both at national level and in the Kasenseli gold mining area. These relate to the following:

- The lack of formalisation of the small-scale and artisanal gold mining sector by the government, which has impacted negatively on the lives of local people in the areas where these mining activities take place as they cannot fully and legally participate in the mining activities in their area.
- This has led to high levels of illegal mining in places where gold is discovered by indigenous people. This in turn has resulted in lack of reliable statistics in terms of how much gold is mined by the informal sector, and how much of it is smuggled out of the country with no trace or record.

In relation to the Kasenseli gold discovery, the study discovered that regardless of the high levels of illegal mining that took place in the area, the overpopulation and crowding of the social services in Kasenseli, the eventual takeover of mining by ZCGC was a legal procedure.

While some of the company's corporate social responsibility promises had not yet been fulfilled by CGCZ, it is too early to judge the company, as they are still in their early days in the area and are still trying to settle. So far, their efforts to fulfil

their obligation is seen only in the borehole and the football pitch. The company's other plans were seemingly only known by Chief Chibwika himself and were not known by the locals in Kasenseli.

The study concluded that one of the main challenges in Kasenseli was the information asymmetry between the gold company, Chief Chibwika, and the local people.

While the company claimed that they had lined up plans to assist the local people, the Chibwika Chiefdom Development Trust representatives stressed that the company had not yet availed their Community Support Plan for the people of Kasenseli to take advantage of. The researcher could not access the chief himself as phones for his representatives went unanswered.

The ineffective engagement between the local governance structures and the company has created mistrust between the community and the company, especially having gone through a lot of promises from the previous licence holders but with nothing ever coming out of it.

The lack of information to community members on legal implications with regard to the governance of mines and minerals has seen the community blaming almost every company and person, even those who mean well. Notwithstanding this, the representatives from the Chibwika Chiefdom Development Trust indicated that the royal leadership had continued engaging the government and ZCCM to ensure unconditional benefits to the community.

6. Recommendations

Given these conclusions, the study makes the following recommendations:

- There is a need to speed up the process of formalisation of small-scale and artisanal mining, although the process has already started. This will ensure that local people are empowered to participate in the mining of gold (and other minerals), allowing them to operate in the areas around the perimeters being mined by large-scale mines such as CGCZ.
- With regards to Kasenseli, there is a need for the parties involved to quickly compensate local people who have been displaced from their farming fields to avert hunger.
- The chiefdom needs to negotiate with the mining company to ensure that the company does not bring in labour from other areas, but rather employs local people to participate in manual work carried out by the company.
- There is a need for the development plans of the company to be shared and made known to all local stakeholders, to avoid suspicion between residents, the chiefdom, and the company.
- As noted by the area member of parliament during a face-to-face interview, it is important for the law to allow local people to be awarded artisanal licences so that they are able to participate in the artisanal mining.
- There is a need to create capacity in local institutions and structures of governance in the area to ensure effective engagement and participation in the entire mining value chain.
- While the MMMD claims that they have decentralised the process of obtaining licences, there are still challenges with efficiency with regards to the provincial mining bureaus.
- There is a need to identify and encourage participation of all critical stakeholders to ensure cohesion of both state and non-state actors in the area and to avert conflicts.

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Appendices

Stakeholders selected for interviews

PLAYER	POSITION	ROLE	OUTCOME
COMMUNITY LEADERS	Hon MP for Mwinilunga	Law Maker for Mwinilunga Constituency	Interview successful
	Chibwika Chiefdom Development Trust	Intermediary Organisation between the people and the Chief	Interview successful
	District Commissioner	Government representative in the area	Phone calls went unanswered
	Local Headmen	Representatives of the people at a lower level	Interviews Successful
	Development Council of Elders	A Group Of Elders That Have Come Together	Focus Group Discussion Successful
	Local Community Members/Those who started Mining	People living around the mining area	Focus Group Discussion Successful
GOVERNMENT DEPARTMENTS	Mwinilunga Municipal Council	Responsible for the town planning	Awaiting some documents
	Ministry of Mines Planning Department	Responsible for policy regulations in the mining sector	Information successfully provided by the Ministry of Mines Planning Department
	ZEMA	Responsible for Environmental Protection	Unsuccessful
INDUSTRY	Mining Indaba	Brought various stakeholders from the extractive industry in one place	Information collection Successful
	ZCCM Public Relation Manager	MINING COMPANY LEGALLY IN KASENSEL-Undertaking Explorations	Interview Successful
	Kampoko Resources Company Ltd & PCB	The Prospecting Licence holders that were identified at that stage	Not accessed

SARW Objectives

Monitor corporate and state conduct in the extraction and beneficiation of natural resources in Southern Africa, and assess to what extent these activities uplift the economic conditions of the region's communities.

- Generate and consolidate research and advocacy on natural resource extraction in Southern Africa.
- Create informed awareness of the specific dynamics of natural resources in Southern Africa, building a distinctive understanding of the regional geo-political dynamics of resource economics.
- Provide a platform of action, coordination and organisation for communities, activists, researchers, policy-makers, corporations, regional and global governing bodies in the watching and strengthening of corporate and state accountability in extractive industries.
- Engage with and support government on building accountable and transparent management of extractive resources.
- Build capacity for communities, civil society, parliaments, and media to hold governments and corporations to account, and to participate in decisions about resource management.
- Advocate and promote human rights and environmental protection in resource extraction activities.
- Support efforts to legislate mandatory public disclosure of and access to financial, social, environmental and regulatory compliance information in the extractives industry.
- Promote extractive industries that create wealth for local communities.

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