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Nothing Gold Can Stay: Artisanal Mine Certifications and Conflict Dynamics in the Congo

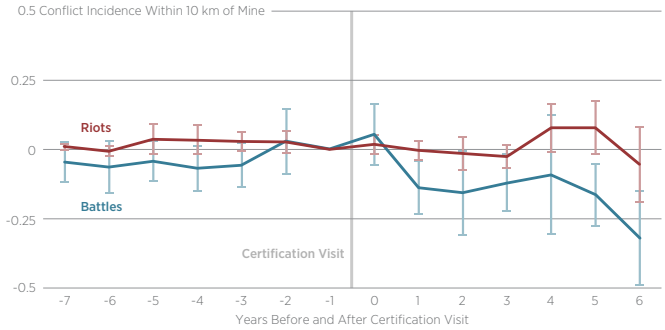
Based on BFI Working Paper 2023-144, "Nothing Gold Can Stay: Artisanal Mine Certifications and Conflict Dynamics in the Congo," by Hans B. Christensen, Chicago Booth; and Samuel Chang, Chicago Booth

Conflict-free certifications for artisanal mines are associated with a 9.4% (16.3%) reduction in armed group–initiated conflicts (fatalities) within a 10-km radius of gold mines. After certifications, there is no aggregate reduction in conflict intensity in Eastern DRC territories, and conflicts intensify further away from certified mines.

Many mines in the eastern Democratic Republic of the Congo (DRC) are controlled by armed groups that frequently engage in conflict with nearby civilians. This decades-long conflict is regarded as the bloodiest since World War II, and multinational corporations often face scrutiny for purchasing minerals from artisanal and small-scale mining operations that finance armed groups.

In 2010, the Dodd-Frank Act introduced new disclosure mandates aimed at combatting these challenges. Provision 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires that SEC-registrants who purchase tin, tungsten, tantalum and gold from the DRC and neighboring countries audit their supply chains and confirm that they only use metals from mines that are certified as conflict-free. Motivated by the new legislation, in 2011 a supranational organization (the International Conference on the Great Lakes Region) adopted a conflict-free certification framework for artisanal and small-scale mining. This paper examines the impact of these conflict-free certifications on conflict dynamics in the Eastern DRC.

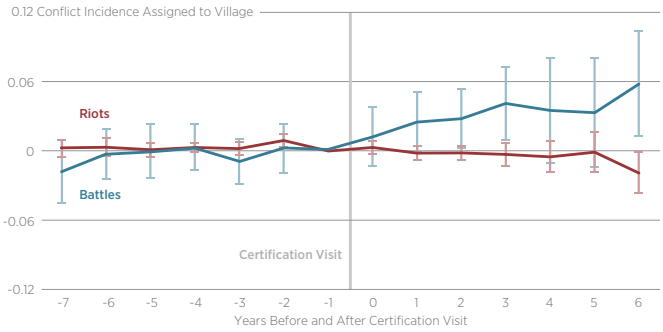
Figure 1 · Effect of Certification on Conflict Around Mines



Note: This figure shows the estimated effect of gold mine certifications on the probability of battle and riot incidence within 10 kilometers of mines, measured in terms of regression coefficients. The vertical lines show the 95% confidence intervals.

The authors study this question using geolocated conflict data along with information about the location and certification status of artisanal mines in the Eastern DRC. While conflict-free certifications may discourage conflict at mine sites, they could also lead armed groups to relocate elsewhere. The authors test these two outcomes by measuring the impact of certifications along two dimensions: first, conflict in the area and villages immediately surrounding certified mines, and

Figure 2 · Effect of Certification on Conflict Displacement



Note: This figure shows the estimated effect of gold mine certification on the probability of battle and riot incidence in uncertified villages 50 to 100 kilometers away, measured in terms of regression coefficients. The vertical lines show 95% confidence intervals.

second, the displacement of conflict from certified mine areas to uncertified and non-mining areas.

Importantly, mines are equally as likely to be selected for conflict-free certifications, regardless of their prior levels of conflict. This allows the authors to attribute changes in conflict to the certifications themselves. They find the following:

- During the six years following the certification of gold mines, conflict in the area and villages surrounding the mines declines. This decrease amounts to a 9.4% reduction in the probability of conflict in the 10-kilometer radius around a certified gold mine. There is no corresponding decrease in the areas or villages surrounding tin, tantalum, and tungsten (3T) mines when they become certified, perhaps because of preexisting certification schemes for these metals.

- The authors distinguish between violence initiated by armed groups, which consists of battles and violence against civilians, and violence not initiated by armed groups, which consists of riots. They find that conflict owed to armed-group activity declines in the areas around gold mines in the six years following certifications. There is a roughly 7.5% decline in the probability of battles in the 10-kilometer radius around a certified gold mine, and a corresponding 16.3% decrease in deaths from all conflicts and a 14.2% decrease in deaths from battles surrounding mines. The authors note that that these magnitudes are subject to double counting concerns, detailed in their working paper, and may be slightly overstated.

- As more mines in a territory (subdivisions of provinces) become conflict-free certified, the overall level of conflict in the territory does not decline. Rather, conflicts intensify further away from certified mines. The authors find evidence of an 18.3% increase in the distance from a certified mine to the nearest conflict, and a 12.1% increase in the distance to the nearest battle. They also document a 2.6% increase in the probability of conflict and a 2.7% increase in the probability of battles after certification for uncertified mining villages 50 to 100 kilometers from certified villages, but no such increase for non-mining villages.

These findings suggest that, even in nations characterized by weak institutions and rampant corruption, supply-chain certifications can enact meaningful change. However, they also provide a cautionary tale that local benefits may be accompanied by the displacement of conflict to non-certified areas, illustrating that supply-chain certification systems must be implemented in concert with a broader set of policies to work toward resolving complex geopolitical challenges, such as the humanitarian crisis in the DRC.

READ THE WORKING PAPER

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