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*“Topic 2 – The Economic Repercussions of Illegal
Mining in Africa”*

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Definition of key concepts

These are some terms that we recommend you understand and **RESEARCH** prior to the MUN to have a better understanding of our debate. These definitions may vary depending on your country's ideology.

1. Artisanal and Small-Scale Mining (ASM)

Formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is normally low capital-intensive and uses high labour-intensive technology, and can include individuals, family groups, partnerships, or cooperatives involving hundreds or thousands of miners.¹

2. Illegal Mining

Mining activity undertaken without state permission, including the extraction of minerals without appropriate land rights, exploration and mining licenses, mineral transportation permits, or in violation of environmental and safety regulations. Illegal mining is increasingly associated with organized criminal groups and linked to other criminal activities including trafficking in firearms, money laundering, and human trafficking.²

3. Illicit Financial Flows (IFFs)

Financial flows that are illicit in origin, transfer, or use; that reflect an exchange of value; and that cross country borders. IFFs originate from activities including tax evasion, abusive transfer pricing, trade mispricing, corruption, and proceeds from illegal activities such as smuggling.³

4. Resource Curse (Paradox of Plenty)

The phenomenon whereby countries with an abundance of natural resources, particularly non-renewable extractive resources such as petroleum and minerals, experience paradoxically lower economic growth, weaker governance, higher corruption, and poorer development outcomes than countries with fewer natural resources. The resource curse refers to the inverse association between natural resource wealth and economic prosperity.⁴

¹ Organisation for Economic Co-operation and Development. (2016). *OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas* (3rd ed.). OECD Publishing. <https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

² United Nations Office on Drugs and Crime. (n.d.). *UNODC response framework on illegal mining and the illicit trafficking in precious metals*. https://www.unodc.org/documents/Wildlife/UNODC_Response_Framework_Minerals.pdf

³ United Nations Conference on Trade and Development. (2020). *Tackling illicit financial flows for sustainable development in Africa*. United Nations. https://unctad.org/system/files/official-document/aldcafrica2020_en.pdf

⁴ African Development Bank. (2007). Africa's natural resources: The paradox of plenty. In *African Development Report 2007* (pp. 95-130). African Development Bank Group. [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/\(E\)%20AfricanBank%202007%20Ch4.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/(E)%20AfricanBank%202007%20Ch4.pdf)

5. Loss of Government Revenue / Tax Evasion

The failure of resource-rich countries to collect revenues from natural resource extraction through mechanisms including royalties, corporate taxes, export duties, and licensing fees. In the context of illegal mining, this includes activities where mineral extraction and trade bypass all formal payment structures, resulting in significant revenue shortfalls that limit government budgets for public services and development.⁵

6. Gold Smuggling and Informal Mineral Trade

The illegal cross-border movement and trade of gold and other minerals without proper documentation, permits, or payment of export duties. Gold smuggling involves criminal networks collecting minerals from production sites and transporting them to regional and international markets while masking their origin, quantity, and ownership, thereby depriving states of export revenue and enabling money laundering.⁶

7. Foreign Criminal Syndicates

Transnational organized criminal groups that finance, organize, and control illegal mining operations across borders. These syndicates use elaborate schemes and extensive networks to acquire mining equipment, exploit local miners, smuggle minerals internationally, bribe officials, launder proceeds, and often engage in associated crimes including human trafficking, firearms trafficking, and corruption.⁷

8. Environmental Degradation and Economic Cost of Rehabilitation

The deterioration of the environment through depletion of natural resources, destruction of ecosystems, and pollution resulting from unsustainable resource exploitation. In mining contexts, this includes deforestation, land degradation, water contamination from mercury and cyanide, soil erosion, and habitat destruction. The economic cost of rehabilitation refers to the multi-million-dollar government burden of restoring damaged ecosystems, water systems, and agricultural lands.⁸

9. Displacement of Formal Mining Companies

The invasion and occupation of legally-allocated mining concessions by illegal mining operations, causing operational delays, safety risks, equipment damage, and reputational harm to legitimate mining companies. This displacement discourages foreign direct

⁵Organisation for Economic Co-operation and Development. (2023). *Tax Administration 2023: Comparative Information on OECD and Other Advanced and Emerging Economies*. OECD Publishing. <https://www.oecd.org/tax/>

⁶United Nations Office on Drugs and Crime. (2021). *Gold, Corruption and Illicit Financial Flows Linked to Artisanal Gold Mining*. UNODC Research and Trend Analysis Branch. <https://www.unodc.org/>

⁷INTERPOL. (2022). *Organized Crime and the Illegal Mining Sector*. INTERPOL Environmental Security Programme. <https://www.interpol.int/>

⁸United Nations Environment Programme. (2018). *Environmental and Social Impacts of Mining*. In UNEP Global Resource Panel Technical Report. United Nations Environment Programme. <https://www.unep.org/>

investment in the mining sector, reduces job creation, and undermines government revenue collection.⁹

10. Corruption and Weak Regulatory Frameworks

The abuse of entrusted power for private gain, particularly where public officials accept bribes to ignore unlicensed mining operations, issue fraudulent permits, or facilitate mineral smuggling. Weak regulatory frameworks refer to inadequate laws, poor enforcement capacity, lack of transparency in mineral supply chains, and insufficient inter-agency coordination that enables illegal mining to thrive while eroding public trust and institutional effectiveness.¹⁰

11. Supply Chain Transparency / Mineral Traceability

Systems and mechanisms including digital tracking, certification schemes, and international reporting standards designed to ensure minerals are sourced legally and ethically throughout the supply chain. Transparency enables states to verify export volumes, collect appropriate taxes, prevent conflict minerals from entering markets, and hold actors accountable through documented custody chains from mine to market.¹¹

12. Shadow Economy (Informal Sector)

Economic activity that occurs outside government oversight, regulation, and taxation, including illegal mining operations and informal mineral trade. The shadow economy operates parallel to the formal sector, making national GDP measurements inaccurate, hindering fiscal and monetary policy effectiveness, and depriving governments of revenue while creating unfair competition with legitimate businesses.¹²

⁹ World Bank. (2020). *The Impact of Illegal Mining on Licensed Operations in Developing Economies*. World Bank Extractives Global Program. <https://www.worldbank.org/>

¹⁰ Transparency International. (2017). *Corruption Risks in the Extractive Industries*. Transparency International Anti-Corruption Helpdesk. <https://www.transparency.org/>

¹¹ Organisation for Economic Co-operation and Development. (2016). *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (3rd ed.). OECD Publishing. <https://www.oecd.org/due-diligence-mining/>

¹² International Monetary Fund. (2020). *Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?* IMF Working Paper. <https://www.imf.org/>

Background Information

Illegal mining across Africa costs governments billions while keeping millions of desperate people alive. In South Africa, "zama zamas" work in abandoned mine shafts controlled by criminal syndicates. In the Democratic Republic of Congo, around 150,000 artisanal miners extract 15-20% of the country's cobalt—essential for phone and car batteries—with thousands of children working in terrible conditions. In West African countries like Ghana and Mali, "galamsey" mining has evolved from small-scale operations to sophisticated extraction using heavy machinery brought in by foreign miners.

South Africa loses about R60-70 billion yearly (roughly \$3-4 billion USD) just from illegal gold mining. The DRC loses around \$1 billion annually from cobalt disappearing into informal supply chains. But here's the problem: illegal mining also supports millions of people. In the DRC, artisanal mining is the second-biggest job sector after agriculture, supporting about 10 million people. In South Africa, where unemployment exceeds 32%, illegal mining is often the only income available.

Criminal syndicates control much of this activity through money laundering, arms trafficking, and territorial control. In eastern DRC, armed groups like M23 (backed by Rwanda) captured cities like Goma and Bukavu in 2025 mainly to control mineral extraction. Middlemen create fake documents, bribe border officials, and mix illegal minerals with certified ones. This means minerals from conflict zones end up in "clean" electric cars and smartphones in wealthy countries.

The environmental damage is severe. Mercury and cyanide from gold processing poison rivers and farmland across West Africa. In the DRC, millions of trees are cut down and toxic waste flows into water systems. In South Africa, mine tunnels collapse constantly, burying workers alive.

The core problem has no simple solution. Governments can't enforce laws because of corruption and limited resources. Criminalizing mining pushes it underground without addressing why people do it—desperation. Making it legal doesn't work either because permits and safety equipment cost money miners don't have. International regulations just make smugglers create better fake documents.

Case Studies

Stilfontein Mine Standoff (South Africa, 2024)

Police surrounded an abandoned gold mine near Stilfontein and cut off access, trapping hundreds of miners underground for weeks. By December, 246 came out alive but 78 bodies were recovered. The real death toll is unknown. This showed how criminal syndicates control abandoned shafts and employ desperate migrants from Lesotho, Zimbabwe, and Mozambique who live underground for weeks mining gold.

Sibanye-Stillwater reported illegal mining incidents increased 241% in early 2024. The government deployed 3,300 soldiers in October 2023, clearing 6,500 miners temporarily. But illegal mining resumed immediately after soldiers left in April 2024.

The problem is simple: legitimate mining uses machines and hires few workers, while 33% unemployment creates masses willing to risk death for any income. Syndicates control everything and make billions while the government loses taxes and control.

DRC Cobalt Mining

The DRC produces 70-74% of world cobalt. Most comes from Chinese-controlled industrial mines, but artisanal miners produce 15-20%—around 34,000-40,000 metric tons yearly. These operations employ 150,000-200,000 people, including 40,000 children as young as six.

Miners sneak into industrial areas, dig cobalt with hand tools, and sell to middlemen. About \$1 billion vanishes yearly. Border guards take bribes. Rwanda launders Congolese cobalt—half of "Rwandan" exports actually come from DRC conflict zones.

Conditions are horrific. Between 10,000-15,000 hand-dug tunnels have no support beams or ventilation. They collapse constantly, burying everyone alive. Miners breathe cobalt dust causing lung diseases and cancer. They earn \$2-4 daily for minerals worth thousands internationally. Armed groups kidnap children into mines. When M23 captured Goma and Bukavu in 2025, controlling minerals was the main goal. Over 7 million people fled violence related to mining.

Global cobalt demand will quadruple by 2030 for electric vehicles. This will get much worse.

West African Gold Crisis

West Africa produced 11.83 million ounces of gold in 2024. Small-scale miners produce 20-50% depending on country. In Ghana, Chinese migrants brought excavators and industrial chemical processing, making environmental damage worse.

Mercury and cyanide poison rivers. Fish disappear, water becomes toxic, farmland turns useless. Ghana ordered all illegal mining to stop in 2023 with a military task force. Miners just worked at night instead and violently resisted crackdowns.

INTERPOL's Operation Sanu (2024) arrested 200 people across four countries and seized 150kg cyanide, 325kg activated charcoal, 14 mercury cylinders worth over \$100,000, and massive quantities of opioid painkillers—miners take these constantly to manage pain from chemical exposure. Children were documented working in illegal mines.

Ghana issued 500 mining permits in 2018 trying to legalize operations, but most stay illegal because permits and safety equipment cost money miners don't have.

Economic, Social, and Political Dimensions

Economic Dimension

Governments lose billions in stolen minerals and unpaid taxes, but illegal mining also provides income to millions who can't find legitimate work. In the DRC, it's the second-biggest employment sector—criminalizing it without alternatives creates mass unemployment.

Illegal mining creates and destroys value simultaneously. It gives immediate survival income but robs government revenue, scares investors, and causes environmental damage preventing future development. Criminal syndicates capture most money—miners earn almost nothing while middlemen make billions.

There's global hypocrisy: "clean" electric cars depend on cobalt mined by children. "Ethical" smartphones contain coltan from war zones. Wealthy consumers benefit from exploited African labor.

Social Dimension

40,000 children work in DRC cobalt mines. Tunnels collapse constantly, burying people alive. Forced evictions include sexual violence against women. Toxic chemicals cause diseases, cancers, and birth defects affecting entire communities. Violence becomes normal because armed groups control mines. Communities go through boom-bust cycles and lose ability to cooperate, staying trapped in poverty.

Political Dimension

Illegal mining makes governments look weak. If you can't control your own resources, you don't control your country. Rwanda supports M23 mainly to control DRC minerals.

Corruption is everywhere. Officials take bribes for fake certificates and protection because the money beats their salaries. Police and military sometimes participate in illegal operations.

Governments face impossible choices. They need to stop illegal mining but criminalizing millions who depend on it creates disasters. Making it legal requires massive investment they don't have. Even if one country fixes it, minerals get smuggled to neighbors.

Past U.N. and International Action

OECD Due Diligence Guidance: Required companies to trace mineral origins.

Consequence: Many companies just stopped buying from Africa. Criminals created better fake documents.

Dodd-Frank Act (U.S.): Required disclosure of "conflict minerals." **Consequence:**

Companies boycotted entire regions, destroying jobs. Only covered four minerals, not cobalt. Armed groups adapted by faking documents.

Kimberley Process: Certified diamonds to stop "blood diamonds." **Consequence:** Worked fairly well for diamonds but definition too narrow. Doesn't work for other minerals.

African Mining Vision: Called for fair development and formalizing artisanal mining.
Consequence: Good ideas, almost no implementation. Governments lack money and corruption undermines systems.

Overall: Illegal mining keeps growing. Current approaches treat symptoms not causes. What's missing: investment in real jobs, enforcement without corruption, regional cooperation on borders, and giving communities actual wealth instead of it going to governments and corporations.

Possible Moderated Caucuses

- How can artisanal mining be legalized without criminalizing millions?
- What enforcement works in corrupt countries with limited resources?
- Should rich countries be required to verify supply chains?
- How can mining wealth reach communities instead of governments?
- Should companies be liable for supply chain abuses?
- How can alternative jobs be created?

Possible Resolution Points

- Create African Mining Formalization Fund paid by companies and rich countries to cover permits and training.
- Build regional tracking system for minerals with independent verification, funded by export tax.
- Make companies legally liable for violations anywhere in supply chains.
- Force 20% of royalties toward creating jobs in mining areas through development banks not governments.
- Train mine inspectors with anti-corruption systems.
- Require public companies to disclose entire supply chains.
- Strengthen borders to stop smuggling through shared intelligence.
- Create fund for environmental cleanup and healthcare in mining communities.

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