



WRITTEN TESTIMONY FOR THE RECORD
TO THE
SUBCOMMITTEE ON INTERNATIONAL MONETARY POLICY AND TRADE
GIVEN BY
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I am Bishop Nicolas Djomo Lola, Bishop of the Diocese of Tshumbe in the Democratic Republic of the Congo (DRC) and President of the Catholic Bishops' Conference of the Congo (CENCO in French). I would like to thank the Honorable Representative Gary Miller, Chairman of the Subcommittee, and the Honorable Representative Carolyn McCarthy, Ranking Member, for the opportunity to testify before you today.

I do not come to you as a businessman, nor as a financial expert. I am a religious leader, a pastor, who is deeply disturbed by the terrible violence, misery and suffering that has dominated life in Eastern DRC since 1996.

You have heard the horrific stories of death and destruction. You know of the millions of deaths due to violence and the ghastly number of our women who have been brutally beaten and raped. In addition to the victims who have been maimed, tortured and raped, the violence has led to the loss of health centers to treat common, curable diseases. There has been a disintegration of families, villages and communities. One prominent driver of this violence is the illicit mining and trade in conflict minerals conducted by the many armed groups in Eastern DRC.

In order to protect human life and dignity, the Church in the Democratic Republic of the Congo (DRC) publicly supported the passage of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In October 2011, I came to the United States to defend the Congolese people and to argue for strong and effective regulations that would respect the intent of Section 1502 of the Dodd-Frank Act. I met with State Department officials, Members of Congress, and Chairman Mary Schapiro of the Securities and Exchange Commission. Today, in the name of our Conference of Bishops and the thousands of people we serve, I urge Congress to encourage the Securities and Exchange Commission (SEC) to:

- establish regulations that are robust and rigorous enough to accurately show the origin of the minerals that will be used to produce products that we use every day;
- finalize the regulations as soon as possible and to set specific dates by which companies start reporting;
- include all companies as proposed by the SEC; and
- ensure that key information provided by the companies to the SEC is made available to the public and the Congolese people to verify.

This situation is the largest humanitarian tragedy of our time, but it is only the latest chapter in a long history of armed pillage of our country. Our beloved nation fell prey to what is now called the “resource curse” long before the term was coined. In colonial times our land was devastated for its wood, ivory and precious metals, using slave labor to extract resources. Only a few years after our country’s independence, a civil war broke out in the province of Katanga, fueled in large part by the industrial-level exploitation of copper. Today, a year after celebrating our 50th anniversary of independence, our natural resources continue to be a source of misery and suffering, instead of being a resource for peace and prosperity. Even if mining is a major source of national income, this wealth has not significantly benefited the people of the Congo. They live under social and human development conditions that place them near the bottom of the poorest countries of the world. Sadly, this same fate has befallen many other African countries, whether it be the “resource curse” of oil in Nigeria and Chad, or “blood diamonds” in Sierra Leone.

Throughout DRC’s long and bitter history, the Catholic Church has stood by the Congolese people. The Church is one of the largest and most trusted institutions in the Congo. The Church’s nationwide network of schools and health institutions have educated and cared for millions of Congolese. Our institutional presence reaches the remotest, and often the most dangerous, regions of the country. This network is second only to that of the national government, and frequently works where the government cannot.

The Church also has established many diocesan-level human development institutions that work with international NGOs such as Catholic Relief Services (CRS). We empower people to produce better crops, set up small businesses and give hope to women who are victims of rape used as a weapon of war. One excellent example of a development project addresses a disease that is devastating one of the country’s staple crops, cassava. Working with CRS and funding from the Bill and Melinda Gates Foundation, we are producing a new variety of cassava that is resistant to the disease and thus restoring production to a level that can feed whole families and even villages.

To counter the decades of war and bad governance, the Church created a network of Peace and Justice Commissions aimed at empowering civil society to defend the life and dignity of all Congolese and to protect people from the effects of war. For example, during the last national elections, the Church fielded 30,000 electoral monitors, more than any other institution, national or international. The Church monitors brought a degree of transparency and accountability to a new and still struggling democracy. The final Church report on the elections was widely acknowledged and quoted by a number of international observers and institutions. Through funding from the State Department’s Bureau of Population, Refugees, and Migration (BPRM) and USAID, communities are forming protection committees and developing community protection plans. These protection plans include the installation of high-frequency (HF) radios that are used as part of an early warning system to send and receive timely information on security threats and incidents, as well as to communicate more efficiently about the evolving humanitarian situation in these remote areas.

Church staff members, with our development partners, work with communities in the mining areas to protect them from violence. Our staff has even met with militia leaders in an attempt to

end the violence and the illicit mining in order to rebuild the communities that have been devastated. We know that most people in Eastern Congo believe that their poverty is linked to the violence and civil war that surround them. They also realize that this violence is directly connected to, and fueled by, illicit mining.

Observers in Eastern Congo have seen a clear geographical overlap between the mining areas and the areas where the incidence of rape is high. Once a militia group gains access to a mine's resources, they use the revenue from the sale of the minerals to buy arms and recruit new militia and mine workers, thereby militarizing the conflict and furthering the cycle of violence.

Illicit mines and minerals also fuel other causes of violence and suffering. Many local and regional sources of conflict stem from questions of identity, who is perceived to be an indigenous Congolese. Indigenous Congolese have the right to own land. Those who are not Congolese, even if they have resided in Congo for years, can be denied ownership of land. The mines and the revenue from the sale of the minerals militarize the conflict over identity and land by injecting deadly firearms that sustain the conflict and make it more intractable. Militias use the firearms purchased from the sale of conflict minerals to extort money in the form of "illicit taxes" from citizens. The Church maintains that if the illicit, unregulated and unofficial mines were removed from militia control and transformed to legal, transparent and official operations, these mines would then serve the common good of the Congolese people.

Church staff has gone to mining operations. We have seen the unsafe, dangerous and deplorable conditions under which many people, including children, work. With armed guards standing over them, these people are like slave labor. We have also seen the terrible environmental damage caused by these mines, leeching toxins into the soil and water so that villagers have no safe drinking water and their farmlands are destroyed.

The Church has learned that there is some controversy over the impact of the Dodd-Frank law. We are aware that the *de facto* embargo instituted by some companies is leading to the loss of work in the mines. From our work and extensive network on the ground, we know that most people in Eastern Congo earn their living, meager as it may be, through subsistence agriculture. The mines "employ" a much smaller portion of the population and their working conditions often violate their basic, God-given human dignity. Many more people have been displaced and damaged by the violence than have received "income" from illicit mines.

The Church also knows that in the long term, people's livelihoods and futures cannot truly improve while armed groups control the illegal economy that the mines provide. If we can sever the link between the mines and the militias, we believe that we can curtail the violence and allow people to rebuild their communities and resolve the underlying causes of their conflicts. The hundreds of thousands of people who are currently displaced and dependent on emergency assistance could return to their homes. The women who have been traumatized by rape could receive healing care. Health clinics and schools could be rebuilt. Development assistance could be expanded so people can move from their meager dependence on subsistence agriculture to better crops. Better crops mean families will have more food, can send their surpluses to market, can educate their children and may be able to seek employment off the farm. All of

these gains in the medium and long term will greatly surpass the loss of demeaning work in the mines.

The passage of the Dodd-Frank law has already had a positive impact. In our informal talks, small-scale mineral buyers (comptoirs) tell us that they are willing to work with civil society and international businesses to establish legal and transparent supply chains that would re-establish formal, regulated and safe mines. We hear that international businesses have arrived in Eastern Congo to explore how such legal and transparent supply chains can be built. USAID has started to invest in this effort to facilitate its progress.

Again I am not an expert on the mechanisms needed to implement the legislation; however, I would note, according to an April 2011 International Crisis Group (ICG) report, that since 2009 two Organization for Economic Cooperation and Development (OECD) initiatives by European institutions have attempted to establish traceability and certification initiatives. In addition, four trading centers set up in North and South Kivu work in accordance with the provisions of UN Security Council Resolution 1906 of 2009 that improve transparency. The two OECD efforts had no legal authority, whereas the Dodd-Frank Act has added U.S. Government legal status. The EU is now preparing regulations similar to the Dodd-Frank Act. On March 1, 2011 the Congolese Mining Authorities introduced traceability procedures and began to formalize the informal sector in eastern Congo. The ICG says that these efforts still require improving the administrative capacity of the DRC and surrounding countries, addressing corruption in the DRC, and strengthening security sector reform.

A recent UN Experts Report to the Security Council said that mineral ore production in North and South Kivu fell in 2011 as the number of buyers for untagged minerals from eastern DRC declined. Conflict financing also fell. By contrast, non-conflict areas have seen greater implementation of due diligence and traceability systems, improved governance and rising exports. Although large amounts of conflict minerals still leave the country, if international businesses favor non-conflict mines, they and international donors can partner with the International Conference on the Great Lakes to strengthen its efforts to stop the remaining illicit trade in minerals. This would complement the efforts in the DRC to do the same in Eastern Congo.

These are still daunting tasks, and they require the unqualified support of the international business community to do its part.

For too many decades Africa's export of oil, diamonds, precious metals, and minerals has been more of a curse than a blessing, but this situation is beginning to take a turn for the better. The international movement to ban "blood diamonds" that created the Kimberly process was a great global success story. The "Publish What You Pay" initiative is another global movement to empower people in developing countries to hold their governments accountable for the income that they receive from natural resource extraction.

Section 1502 of the Dodd-Frank Act opens yet another chapter in the effort to delink conflict, violence and the resultant suffering from the international trade in minerals. It was a bold move that showed United States global leadership at its best. This act was duly noted by other

countries of the world, and by international business and businesses in our own country. It displayed the willingness of the U.S. government to place the moral values that Americans hold dear over a blind search for profitable commerce, no matter what the social costs in foreign countries. The people of the Congo saw this legislation as a true expression of solidarity with the women, families and villages who have suffered at the hands of those who destroy our communities to mine our resources. Improvements in transparency of the minerals trade in the Eastern Congo are happening largely because of the legislation that you passed in these hallowed halls. It is our hope that the rules that the SEC will establish will live up to the laudable goals of this provision in the Dodd-Frank Act.

The Church in the Congo trusts that the international business community can and will join us to protect the life and human dignity of the Congolese people by conducting legal, transparent and accountable international commerce. We are confident that they do not want to be part of the violence and suffering that has plagued Eastern Congo over the last fifteen years. We ask the powerful and resource-rich companies of the United States to consider the heavy and gruesome social costs of the illicit mining sector in Eastern Congo as they calculate their costs and actions to comply with Section 1502 of the Dodd-Frank Act. These calculations are not just simple cost estimates on a spreadsheet. Instead, this work must be seen in terms of a global social balance sheet that places greatest priority on the value of the lives that can be saved by the simple act of conducting due diligence to determine whether legitimate business transactions are tainted by the violence and suffering.

We have full confidence in the good will of the Congress, the SEC and business sector to realize that this is not the time to water down SEC regulations to half measures that may save money, but cost lives. What the people of the Congo need and the U.S. Government and American companies can provide are simple and responsible actions that increase transparency and reflect the moral values that made the United States a respected world leader.



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