**MINING REVENUE AND CORPORATE SOCIAL RESPONSIBILITY**

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**ABSTRACT**

**INTRODUCTION**

The purpose of this communication is to reflect on the issues related to the policy of the distribution and/or management of mining revenue as elements of response to the environmental and organizational problems of the State . The latter has been engaged for some time in a process of reforming its management in order to ensure the mobilization of public resources. And is looking for performance and professionalization of mining management.

**METHOD** While being part of a functionalist methodological vision, through the four basic functions, namely: the extractive capacity, the distributive capacity, the regulatory capacity and the responsive or reactive capacity. The information collected was analyzed by adopting a contextualist approach, which constitutes a methodology for analyzing the emergence of an organizational or managerial phenomenon. This approach fits, according to Brouwers et al. (1997), as one of the most promising and richest approaches to understanding organizations in their human and process dimensions. It consists in accounting for the interactions, in a longitudinal perspective, which occur between a management content which constitutes the "what", the internal and external contexts in which it is implemented the "why", and the process of its deployment that constitutes the “how” ( Pettigrew , 1987).

**RESULTS:** For two decades, the Government of the DRC has retained the Mining sector as one of the pillars of the revival of economic growth. However, there is no truly reliable quantitative and financial assessment of the country's mineral resources. With a large mineral potential, the country displays more than 1,100 different mineral substances and significant world-class deposits of cobalt, industrial diamonds and copper. It also has significant deposits of niobium (also called columbium), tantalum, tungsten, tin and gold, as well as secondary deposits of zinc, lead, nickel, uranium, manganese and silver. The Mining Code provides for the marketing of commercial products that come from the mining perimeters. From this marketing a tax commonly called royalty is collected. The mining royalty is the only tax which is directly proportional to the activity, since it is calculated on the basis of the quantities and the quality of the products exported, and which would be oriented towards the management of the externalities of the mining companies and future generations. It therefore involves the various stakeholders who constitute the interface of the mining companies.

**CONCLUSION**

Taking into account the finiteness of natural resources, to solve the problems of future generations, the Congolese State has put in place several mechanisms to capture and manage the mining rent. From the perspective of sustainable development , despite the importance of the mining sector in the national economy, the counterpart in the management of the environment remains opaque and weak.

Keywords : Company , Mining rent , Responsibility , Society

**INTRODUCTION**

The role of business in promoting sustainable environmental protection is one of the central themes that led to the revision of mining and environmental legislation in the DRC in the previous decade; it is expressed in various community actions dealing with the multiple dimensions of corporate environmental responsibility. Considered as a voluntary action by the company, the CSR commitment has however been encouraged and/or regulated in different ways by the government of the Democratic Republic of Congo and the Platform of Civil Society Organizations intervening in the mining sector. (POM) to respond in particular to obligations of transparency, ethics and community development engine. When the company identifies with employment, human capital and its environment, its interest merges with that of society.

Studying the synallagmatic relationship between the State and the Company is the mission that this article strives to achieve. Nowadays, in the DRC, corporate social responsibility tends to impose itself as an autonomous objective carried by political speeches, rules, and references most often from the public, private and associative sectors, supported by the development of theories organizational, it becomes one of the rules of the game within which companies operate ( Uzunidis , 2011). And the State makes it a constraint in the mining legislation by the law n°18/001 modifying and supplementing the Law n° 007/2002 of July 11, 2002 bearing the Mining Code. The State intends to introduce the concept of eco-efficiency both in business management and in public economic and environmental policies. For Salima Benhamou and Marc-Arthur Diaye (Diaye, 2016) CSR is defined as the way in which companies integrate, on a voluntary basis, social, environmental and ethical concerns in their economic activities as well as in their interactions with all stakeholders. , whether internal (managers, employees, shareholders, etc.) or external (suppliers, customers, etc.).

In 2010, ISO 26000 enabled global recognition of the concept of social responsibility of organizations, and more specifically of companies. This standard defines CSR as the consideration by organizations of the three economic, social and environmental dimensions of sustainable development (ISO, 2010): "responsibility of an organization vis-à-vis the impacts of its decisions and activities on society and the environment, resulting in ethical and transparent behavior that contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; respects the laws in force while being consistent with international standards; is integrated throughout the organization and implemented in its relationships”.

CSR is a participatory process involving consideration of the values, goals and motivations of the people involved in the formulation of corporate strategy and decision-making. Also, it presupposes further broadening the sphere of actors to whom the company must be accountable. It is for the company to report internally and externally in a process of sustainable development. (Noel-Lemaître, 2006). With regard to mining rent; he word annuity has several meanings depending on the sector it is used.

Alain Beitone et al, 2016 say that the term annuity has two different meanings: in the common sense, it means income from property that is assured for a long period. By extension, this term is used to designate certain government loans. In the sense of economic theory, the term rent designates the income from a natural factor (most often land) which results from the technical characteristics of this factor. Thus, land rent is for Ricardo D., linked to the unequal fertility of different units of land. Mining rent and oil rent are also differential rents: the owners of the most easily exploitable mines or oil wells have a rent equal to the difference between the market price and their production costs. Understood in this way, *the mining rent* can be understood within the framework of this communication as: “all the income received by the State in relation to the mining activity carried out by third parties on its territory. As for the DRC , it is made up of taxes, duties, fees and other levies from mining”.

**METHODOLOGICAL APPROACH**

While being part of a functionalist methodological vision, through the four basic functions, namely: the extractive capacity, the distributive capacity, the regulatory capacity and the responsive or reactive capacity. The information collected was analyzed by adopting a contextualist approach, which constitutes a methodology for analyzing the emergence of an organizational or managerial phenomenon. This approach fits, according to Brouwers et al. (1997), as one of the most promising and richest approaches to understanding organizations in their human and process dimensions. It consists in accounting for the interactions, in a longitudinal perspective, which occur between a management content which constitutes the "what", the internal and external contexts in which it is implemented the "why", and the process of its deployment that constitutes the “how” ( Pettigrew , 1987).

**RESULTS**

For two decades, the Government of the DRC has retained the Mining sector as one of the pillars of the revival of economic growth. However, there is no truly reliable quantitative and financial assessment of the country's mineral resources. With a large mineral potential, the country displays more than 1,100 different mineral substances and significant world-class deposits of cobalt, industrial diamonds and copper. It also has significant deposits of niobium (also called columbium), tantalum, tungsten, tin, and gold, as well as secondary deposits of zinc, lead, nickel, uranium, manganese, and silver.

With the liberalization of the mining sector in 2002, the evolution of the main macroeconomic indicators shows the Government's effort to maintain the dynamism of the national economy and the stability of the macroeconomic framework following the favorable effects of world prices of raw materials. The Mining Code provides for the marketing of commercial products that come from the mining perimeters. From this marketing a tax commonly called royalty is collected. The mining royalty is the only tax which is directly proportional to the activity, since it is calculated on the basis of the quantities and the quality of the exported products, and which would be oriented towards the management of the externalities of the mining companies. Also, the management of future generations. It therefore involves the various stakeholders who constitute the interface of the mining companies.

Below we present some indicators of the mining sector that can help to understand the importance of this sector in national life.

* Contribution of the extractive sector to GDP According to the 2017 BCC report [[1]](#footnote-1), the contribution of the extractive sector as a percentage of GDP at current prices is presented as follows (2016-2020).

Table n°1 : Evolution of GDP (Values at current prices in millions of CDF and as a percentage of total GDP)

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Sector income \_ extractive** | **GDP at current market price** | **% GDP at current prices** |
| **2016** | 7,254,337.80 | 37,517,392.40 | 19.30% |
| **2017** | 9 567 747,20 | 55 124 325,30 | 17,40% |
| **2018** | 15 282 529 | ND | ND |
| **2019** | 11 300 533,4 | ND | ND |
| **2020** | ND | ND | ND |
| **TOTAL** | 108 691 147,4 | - | - |

Source : rapport ITIE 2019

It emerges from this table and from the various published reports that the GDP at current market price is not determined, and the indicators of this GDP are yet to be determined. As the Congolese system is declarative, we believe that with the subsequent publication of EITI reports, this data will be available.

* **Contribution of the extractive sector to State revenue**

The contribution of revenues from the extractive sector (mines and hydrocarbons) allocated to the State budget as a percentage of current revenues is presented in the following table:

Table n°02: Contribution of revenues from the extractive sector to the State budget in billions of CDF

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Extractive sector revenues****(EITI)** | **Common recipes** | **% contribution****au budget** |
| 2016 | 1 134,0 | 4 045,9 | 18,26 |
| 2017 | 2 511,24 | 4 552, 4 | 55,16 |
| 2018 | 3 159,67 | 7 086,60 | 45 |
| 2019 | 3 281,47 | 7 174,40 | 46 |
| 2020 | ND | ND | ND |
| **Total** | **10 086,38** | **22 853,3** |  |

*Source : rapport ITIE 2019*

In 2017, total revenue reached CDF 5,336.2 billion, representing an achievement rate of 52.2% compared to budget forecasts. This weak mobilization is explained in particular by the late promulgation of the Finance Law in June of the year under review. However, there was an increase in nominal revenue compared to 2016 when the Treasury mobilized CDF 3,656.6 billion.

* **Table n°03: *Contribution of the extractive sector in job creation***

According to data received from the National Employment Office (ONEM), the contribution of the extractive sector to employment in the Democratic Republic of Congo is as shown in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Exercises** | **Nationals** | **foreigners** | **Grand Total** |
| **Men** | **Women** | **Total** | **Men** | **Women** | **Total** | **Number** | **%** |
| **2016** | n/a | n/a | n/a | n/a | n/a | n/a | **n/a** | **n/a** |
| **2017** | 110,430 | 14,497 | 124,927 | 6,972 | 112 | 7,084 | **132 011** | **25.40** |
| **2018** | 119,534 | 18,272 | 137,806 | 9,925 | 145 | 10 070  | **147 876**  | **25,21** |
| **2019**  | 132 464  | 20 652  | 153 116  | 9 976  | 145  | 10 121  | **163 237**  | **24,79** |
| **2020**  | ND  | ND  | ND  | ND  | ND  | ND  | ND  | ND |
| **TOTAL** | **362 428** | **53 421** | **415 849** | **26 873** | **402** | **27 275** | **443 124** |  |

***Source:*** *ONEM, declaration to the EITI.
ND = Not declared*

According to data received from the National Employment Office (ONEM), the contribution of the extractive sector to the employment rate in the Democratic Republic of Congo represents respectively 25.40% in 2017; 25.21% in 2018 and 2019: 24.79. It should be noted that with regard to population density or demographic evolution, for a population estimated respectively between eighty and ninety million for their years of study , the ONEM data should be taken with great reservations . Nevertheless, Law No. 18/001 amending and supplementing Law No. 007/2002 of July 11, 2002 on the Mining Code, some provisions reinforce the labor code by making the declaration of the workforce in each mining company binding. .

Table n° 04 Rate and mode of distribution of the mining royalty

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Royalty Type** | **Rate** | **Accountable** | **quota** | **Collecting public entity** |
| Mining royalty( *calculated on the basis of the gross commercial value)* | **. 0%** (for commonly used building materials);**. 1%** (for industrial minerals, solid hydrocarbons and other substances not mentioned);**. 1%** (for iron and ferrous metals);**. 3.5%** (for non-ferrous and/or base metals);**. 3.5% (** for precious metals);**. 6%** (for precious and colored stones);**. 10%** (for strategic substances). | 1. The holder of the operating permit,2. The holder of the tailings exploitation permit,3. The holder of the Small-Scale Mining License,4. The holder of the Authorization for permanent quarry exploitation,5. The approved processing and/or processing entity | **50%** | vested in the Central Government; |
| **25%** | The Province where the project is located |
| **15%** | City or Territory in whose jurisdiction the exploitation takes place. |
| **10%** | Central Bank of Congo(Mining fund for future generations) |

*Source: 2018 EITI Report*

The amount of the mining royalty paid to the Public Treasury is distributed at the rate of 60% to the government of the Republic, 25% to the account of the administration of the province where the project is located and 15% to an account designated by the city or the territory in whose jurisdiction the exploitation takes place. The mining royalty is the only tax that is directly proportional to the activity, since it is calculated on the basis of the quantities and quality of the products exported. It is collected by the DGRAD.

To acquire all the means to enable it to achieve its vision, the DRC places particular emphasis on improving the business climate with the aim of attracting investments that create wealth and jobs. 20. The diagnosis of the business climate in the DRC had made it possible to identify, among other obstacles to its improvement: (i) the obsolescence of the legal texts, (ii) a complex, high tax system with little incentive for direct investment, (iii) the insufficient and defective basic infrastructure, (iv) legal and judicial insecurity, (v) difficulty in accessing financing, etc.

Notwithstanding the return to growth and the improvement in the fundamentals of the economy during the decades 2000-2020, the DRC remains marked by mass poverty and great disparities in income levels between social classes on the one hand and between urban and rural areas on the other hand. This poverty 5 can be explained, among other things, by unemployment, which affects young people in particular, and by the atrophy of all sources of income.

Government action in the area of CSR comes under the United Nations Guiding Principles which clearly define the fundamental role of the State in accordance with the referential framework of: “protect, respect and repair” (koffi-Sysvain, 2016). Under these principles, the obligation to protect falls on the state in several forms. In the meantime, the company can in no way replace the State. It should be noted that two types of CSR apply in the DRC, namely mandatory CSR and voluntary CSR.

**CONCLUSION**

Taking into account the finiteness of natural resources, to solve the problems of future generations, the Congolese State has put in place several mechanisms to capture and manage mining rent. From the perspective of sustainable development, despite the importance of the mining sector in the national economy, the counterpart in the management of the environment remains opaque and weak.

Inserted into a broader social system by the systemic approach to sustainable development, the company becomes a societal organization in the sense that its interactions with stakeholders deepen and intensify (Metrot, 2005). This embeddedness of the organization within social dynamics leads it to have to formulate its strategy according to new performance criteria, with the aim of formalizing new compromises between economic sustainability and social acceptability. In the Congolese context, the strategic decisions of companies are, therefore, most often taken in a financial logic which aims to reduce costs and increase profitability, thus coming up against powerful economic interests. In addition, we think with Jérôme Kangoy that (Mwanavita, 2020)sustainable development requires an almost permanent reflexivity of the actions of the stakeholders, namely, the State, companies and the population at some levels: on their degree of sustainability over time and in space and at the level of their equity. In perspective, an evaluation of the liberalization of the mining sector twenty years later is plausible.

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