

# PPA Reflections on Completion of Partnership Africa Canada Pilot Project

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Challenges associated with responsible sourcing of tin, tantalum, tungsten and gold from the Great Lakes Region of Central Africa are well-documented. In recent years, a due diligence and traceability system for artisanal tin, tantalum and tungsten (the 3Ts) has been developed and successfully implemented in the region, but similar systems for sourcing conflict-free artisanal gold from the region have not been realized. Recognizing that gap, the Public-Private Alliance for Responsible Minerals Trade (PPA) supported a pilot project by Partnership Africa Canada (PAC) to attempt to create the first traceable conflict-free mineral chain for artisanal gold from the Orientale province of the Democratic Republic of the Congo (DRC).

After an initial research phase (December 2012-February 2013), the pilot employed a three-stage approach:

1. Enumeration of artisanal miners in three large areas, envisioned to accompany legal registration efforts by local government (February – June 2013)
2. Semi-mechanization – technical assessments were carried out at two pilot sites (Mangi & PK25-51) and technical intervention introduced at one pilot site (Mangi) – to improve yield in exchange for producers' commitment to sell via legal sales chains and to have their minerals tracked. (July to November 2013)
3. The creation of a legal sales chain and the implementation of a pilot traceability system at the first pilot site of Mangi to improve resource governance (December 2013 – February 2014).

Overall, the project saw some notable achievements, all of which offer opportunities for learning. In the first stage, in which PAC partnered with Diamond Development Initiative, over 11,000 artisanal gold producers were interviewed near Banalia, Bondo, and Mambasa in Province Orientale of the DRC. This process yielded useful baseline data about the artisanal mining industry in the region, including critical information about existing sales relationships, pricing information and monthly incomes. The enumeration effort also included sensitization activities educating miners about the benefits of legal registration and formalization and opportunities to participate in conflict-free supply chains. The data gathered, paired with associated sensitization activities, can serve as a platform for future efforts by the government to promote legalization.

The project has created opportunities to dialogue with the national and provincial governments about policies that will support formalization of artisanal miners and better enable and encourage responsible sourcing of conflict-free gold from the region. The project has received significant political support from the national and provincial governments, which are increasingly aware of the legal and traceability requirements of global markets.

Another finding is that an investment in technical assistance adapted to existing conditions can increase gold yield substantially. In the case of Mangi, the first pilot site, simple tools such as shovels, steel poles, sluices, and sluice liners resulted in an estimated 25% or more increase in gold yields. This finding reinforces that a relatively inexpensive investment can translate into significantly increased yields and earning opportunities for artisanal miners. It also provides an important incentive to miners in particular, who will agree to sell via an identified legal sales chain and agree to have their product traced in exchange for this increase in yields. In fact, by the end of

the third stage, preliminary data collected over 2 months suggests that the approach engendered strong project loyalty from miners : data from the final stage of the pilot demonstrated that miners were selling over 91% of their gold through identified legal channels. Clearly, this is an important result to build on.

Implicit in a pilot process is the expectation of learning from challenges to inform future projects and potential scaling up of solutions. This project offers insights into future considerations for due diligence and incentives to participate in formal supply chains for artisanal gold.

Despite successes being recorded in the first and second stages of the project, the traceability system implemented in the third stage was not fully demonstrated, due to intrinsic market-based challenges. As already discussed, artisanal miners can be encouraged to sell their gold via legal and transparent sales chain if they are given access to tools, training and technical support to increase their yield, and if the market drivers and conditions that make traceable mineral trading preferable to the illegal circuits are in place. More challenging is establishing consistent trading and chain of custody at all levels. PAC notes the importance of allowing sufficient adequate time to assess and create the incentives for all producers to take part in formal, artisanal gold supply chains; establish relationships with supply chain actors from mine to export; test the pilot chain of custody systems and institute corrective measures, where necessary; and develop mitigation plans to address risks. The delayed disbursement of complementary project funding further contributed to challenges in implementation in the traceability phase. There is a need for deeper understanding of local supply chain dynamics and existing incentives for buyers (*negociants*) and exporters in order to identify viable incentives for their participation in legitimate supply chains.

Another area of learning was in site selection and mining titles, which is a challenging issue in many countries. Despite having researched claims with the Cadastre Minier (CAMI) about the pilot site and field research verifying titling, PAC learned in late January 2014 that the DRC government was in the process of approving the conversion of an exploration permit into a production permit for the Mangi site to a private company, a process that had been underway for over three years without the knowledge of any provincial or local-level authorities or actors. This raised concerns about the future of the project since the titleholder's plans for production and the roles, if any for artisanal gold miners, were unknown. From this experience, we can understand the importance of extensive due diligence on land tenure but also the need to involve the highest levels of the Cadastre Minier and the Office of the Minister of Mines to identify any inconsistencies in records or potential concerns (as personnel at CAMI had confirmed that the pilot site was, in fact, free of claims).

Overall, the pilot achieved several advancements in learning: 1) It collected baseline data about the artisanal mining industry and related markets; 2) Paired with the data, the sensitization efforts offer a platform to support future efforts by the government to promote legalization. 3) The efforts recruited political support for conflict-free sourcing and systems from the national and provincial governments, and interest from other countries in the region; 4) It demonstrates that technical interventions adapted to existing conditions can serve as a strong incentive for participation by miners in legal supply chains, when paired with an analysis of other market pressures 5) It highlights that a keen understanding of current local supply chain dynamics and existing incentives for all actors is vital to offering viable incentives for participation in legitimate supply chains; 6) It reinforces that sufficient time to complete that analysis and build relationships with reliable partners must be allowed for similar pilots; and 7) It demonstrates that frequent inconsistency in title records merits engagement at the highest levels of relevant ministries to protect against potential conflicts or concerns.

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The project has also helped sparked interest from downstream market actors in responsible sourcing of artisanal gold from the Great Lakes Region. Donor interest has also been demonstrated. Following PPA's funding commitment, external funders supported the final stage of the pilot, and another donor funded complementary research was carried out by PAC on gender considerations in artisanal mining at the Mangi pilot site.

Successes and lessons from the PAC pilot will inform future grant making and the work of the PPA and partners. The PPA remains committed to supporting the establishment of conflict-free supply chains in the Great Lakes Region and is pleased to have made this contribution toward identifying on-the-ground activities and systems to make that possible.