

***TRACABILITY OF ARTISANAL GOLD IN DEMOCRATIC REPUBLIC OF THE CONGO:
CHALLENGES & OPPORTUNITIES***



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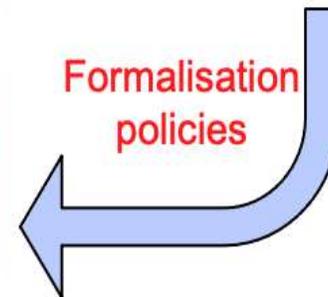
ABOUT MY PhD RESEARCH

In DRC, ASM Formalisation has been introduced in Mining law for 3 major objectives

- To address conflict mineral
- To supply mineral to the global market, while collecting taxes for the government
- **To address the workforce informality and promoting the emergence of middle class among Artisanan workers.**

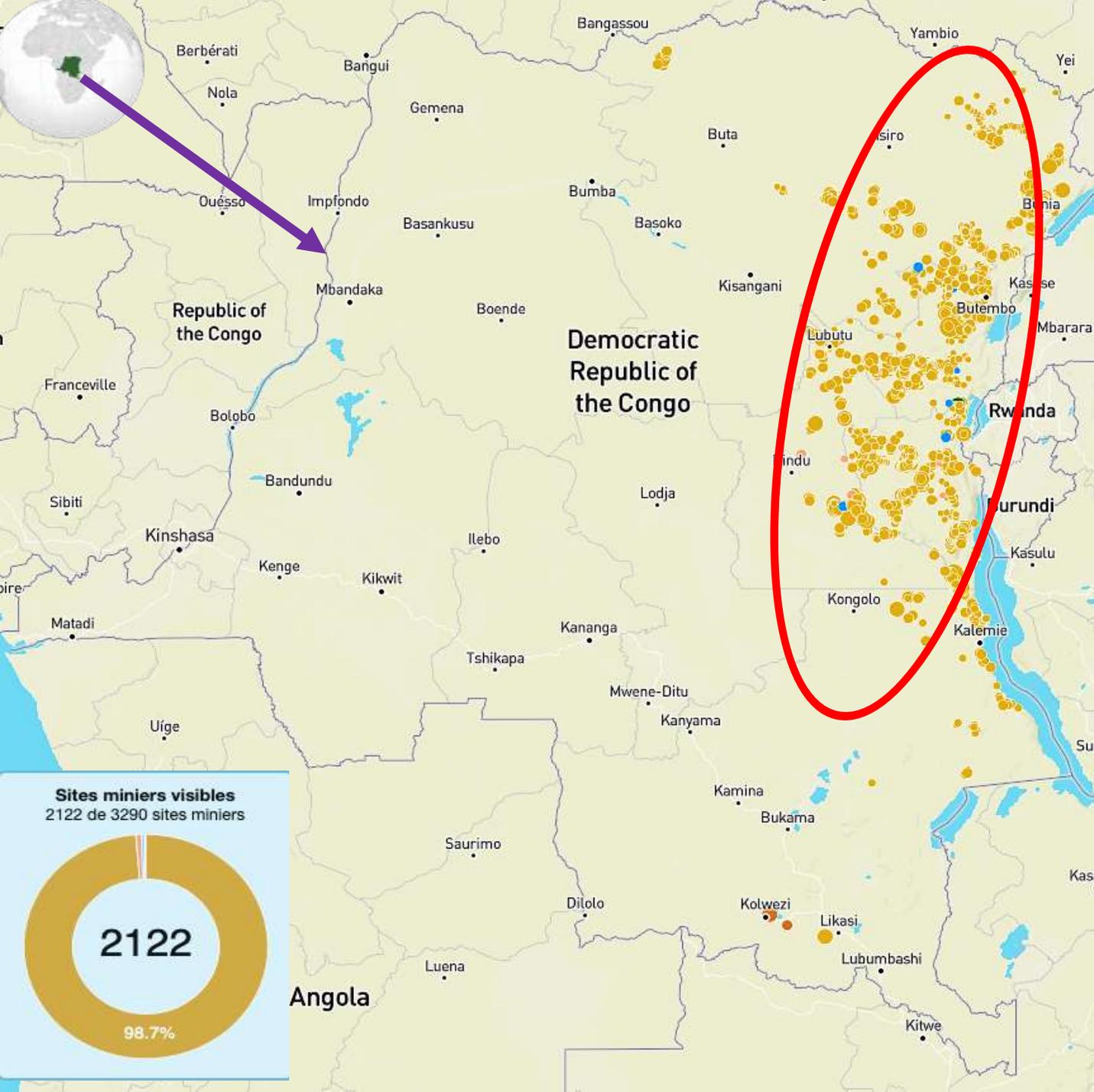


What effects would these laws have on the **social relations of gold production in Eastern DRC?**



OUTLINE

- **Background**
- **Why traceability tools important in the artisanal gold sector in the DRC ?**
- **Understanding artisanal gold supply chain in the DRC**
- **Some gold traceability initiatives and why did they fail?**
- **Several challenges to implementing a gold traceability system**
- **The needs for an efficient gold traceability system in DRC**
- **Conditions and requirements to implement traceability tools in ASG supply chain in DR Congo**



BACKGROUND

The SMA in DRC is operating in specific political economy that is influenced by the collapse of LSM, Conflict in Eastern DRC and recently the comeback of LSM and the ASM formalisation process

BACKGROUND



1902-1923 Explorations begin, and the first mining companies emerge.



1996-2002

The First Congolese war and the conflict mineral discourses



2002-2005

The New mining law and the come back of mining companies

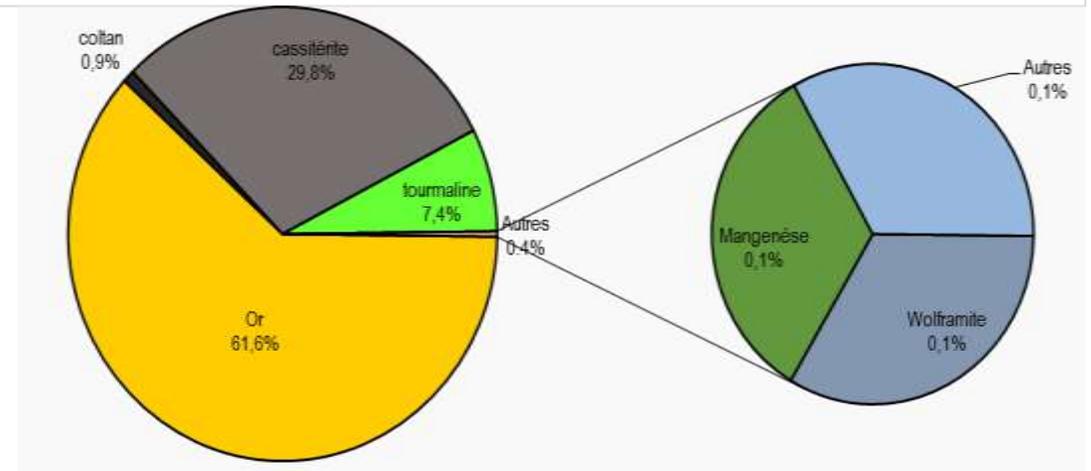
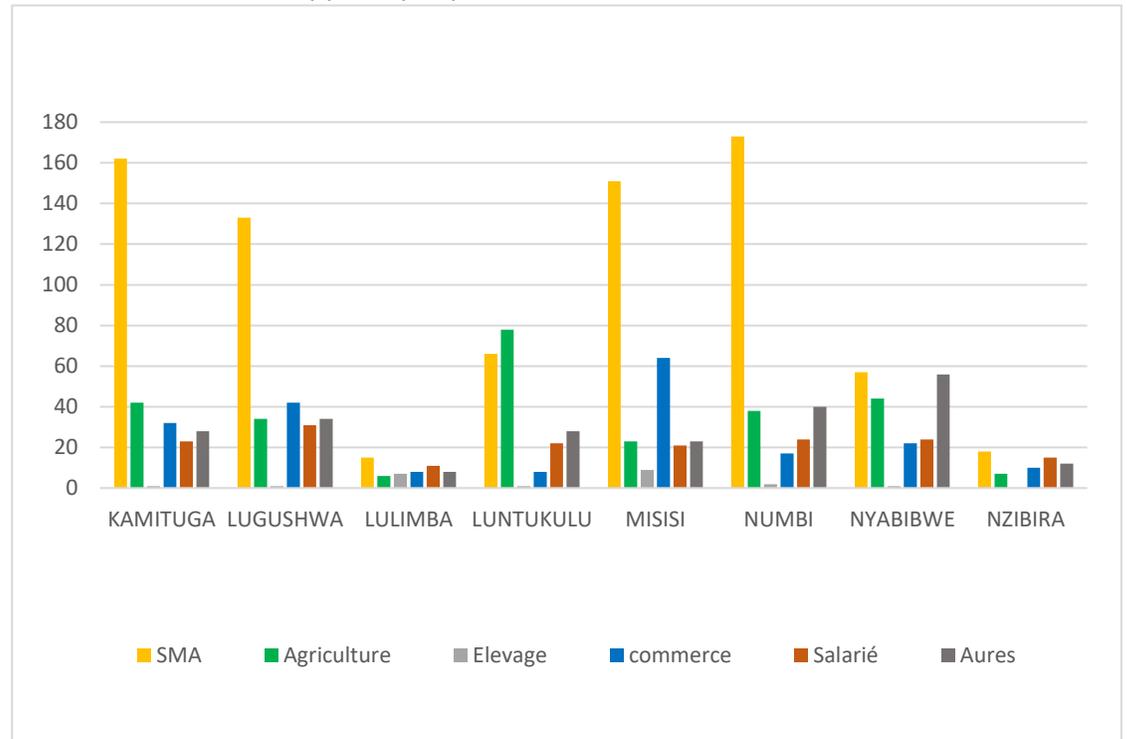


2018- Now: Revised mining law and the advocacy of the Formalisation of ASM





ASM is one of the main economic sectors in Eastern DRC that supports people's income and livelihood.



Working conditions in Artisanal Gold



According to one of my studies, gold miners spend about **10.5 hours** each day working an average of **21 days per month**. After 1 to 60 months of risky effort, they may produce gold, earning an average of **337 U.S.** dollars per month.

Working conditions in Artisanal Gold



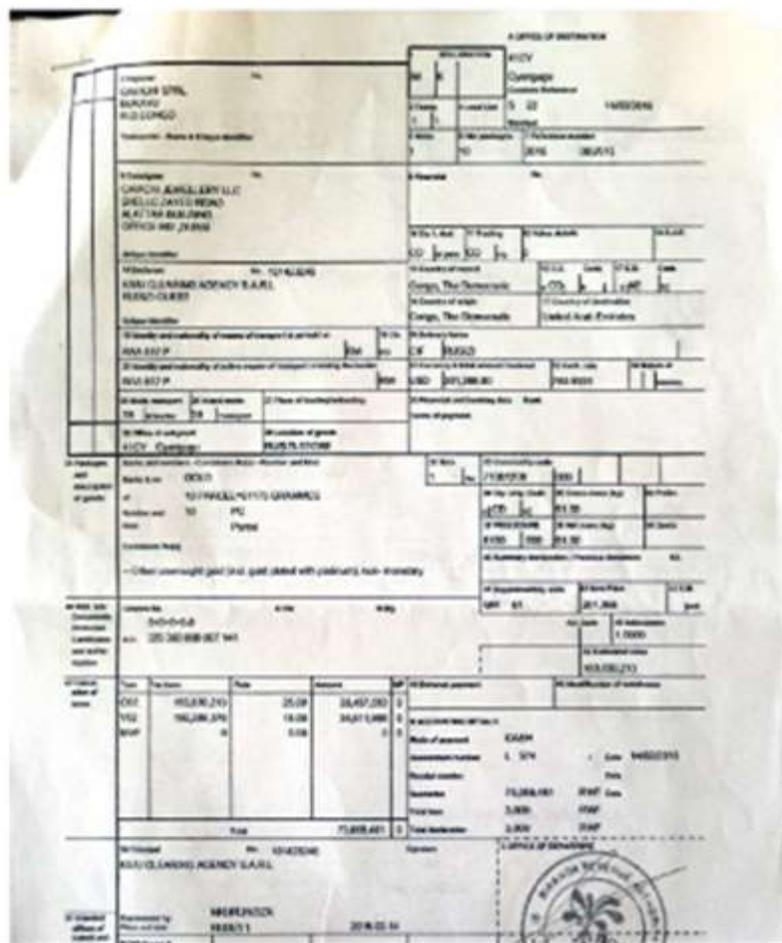
Why traceability tools is interesting me and what could it bring to the gold sector in the DRC ?

1. It can contribute to eradicate fraud and smuggling

S/2016/466

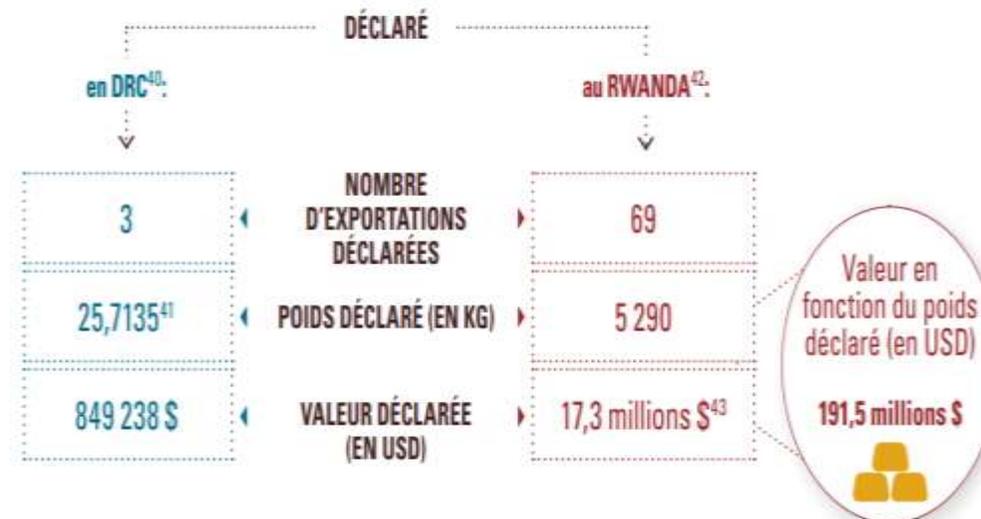
Annex 48: Cavichi SARL

The following two Rwandan Transit Declaration forms show that Cavichi declared an export of 61 kilograms of gold on 14 February 2016 and 79 kilograms of gold on 17 January 2016. In both cases, the gold was transiting via Rwanda to Dubai.



Étude de cas : CAVICHI SARL (suite)

OR EXPORTÉ PAR CAVICHI SARL ET IMPORTÉ PAR CAVICHI JEWELLERY LLC EN 2015-2016



OR EXPORTÉ PAR NAMUKAYA EN 2015-2016



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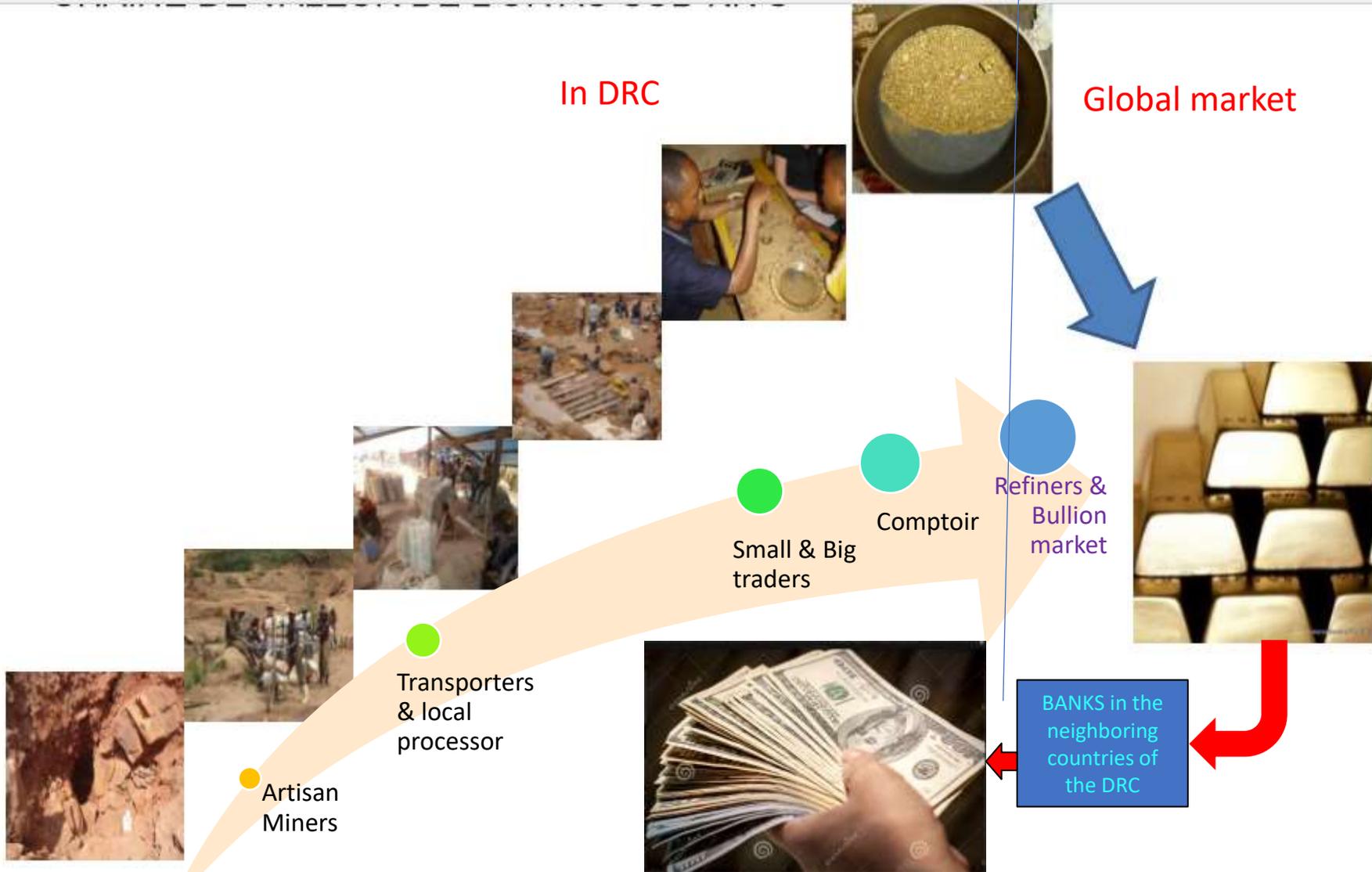
1. It can contribute to eradicate fraud and smuggling

Tableau 2. Production artisanale de l'or dans les sites de Kamituga, Lugushwa et Mukungwe au Sud-Kivu

Sites	Nombre de creuseurs	Production par mois, par puits	Total production estimée (nombre de puits estimés x production mensuelle moyenne)
Lugushwa	+/- 15 000 (a)	0,57 kg (b)	400 x 0,57 = 228 kg (i)
Kamituga	+/- 12 000 (c)	0,213 kg (d)	330 x 0,213 = 70 kg (j)
Luhwindja-Burhinyi	+/- 1000 (e)	Pas de données à notre disposition (f)	
Mukungwe	+/- 3200 (g)	0,5 kg (h)	80 x 0,5 kg = 40 kg (k)
TOTAL	+/- 31 100		338 kg/mois, soit +/- 4000 kg/an

By considering the data collected from 473 gold extraction pits in 3 mining sites in South Kivu, I have found that the total production of these 3 gold sites was around ± 338 kgs per month, i.e. an annual average of ± 4000 kgs or (4Tonnes), whereas the province of South Kivu for the same period (year 2012) only recorded **86kgs** of artisanal gold exported, that for the whole Republic this export was around 401,32 Kgs, that is 10 less than the 3 sites where we had collected the data.

Typical artisanal gold supply chain in the DRC



Some gold traceability initiatives and why did they fail?



ITOA 2017 / CEEC

OR JUST 2016 IN ITURI(IMPACT)

CTC-BGR/ KAMPENE(BGR)

ITB 2020(SAEMAPE,SOUTH KIVU)

Some gold traceability initiatives and why did they fail?



A. The way they are designed

- The majority of those initiatives are designed and implemented using a top-down approach; that is, they are designed in the context of western countries and implemented in the DRC, where infrastructure and logistics are often lacking.
- They operate solely to meet the needs of the global market standards, disregarding local interests and community development(working conditions, local development, Environmental aspect)

Some gold traceability initiatives and why did they fail?

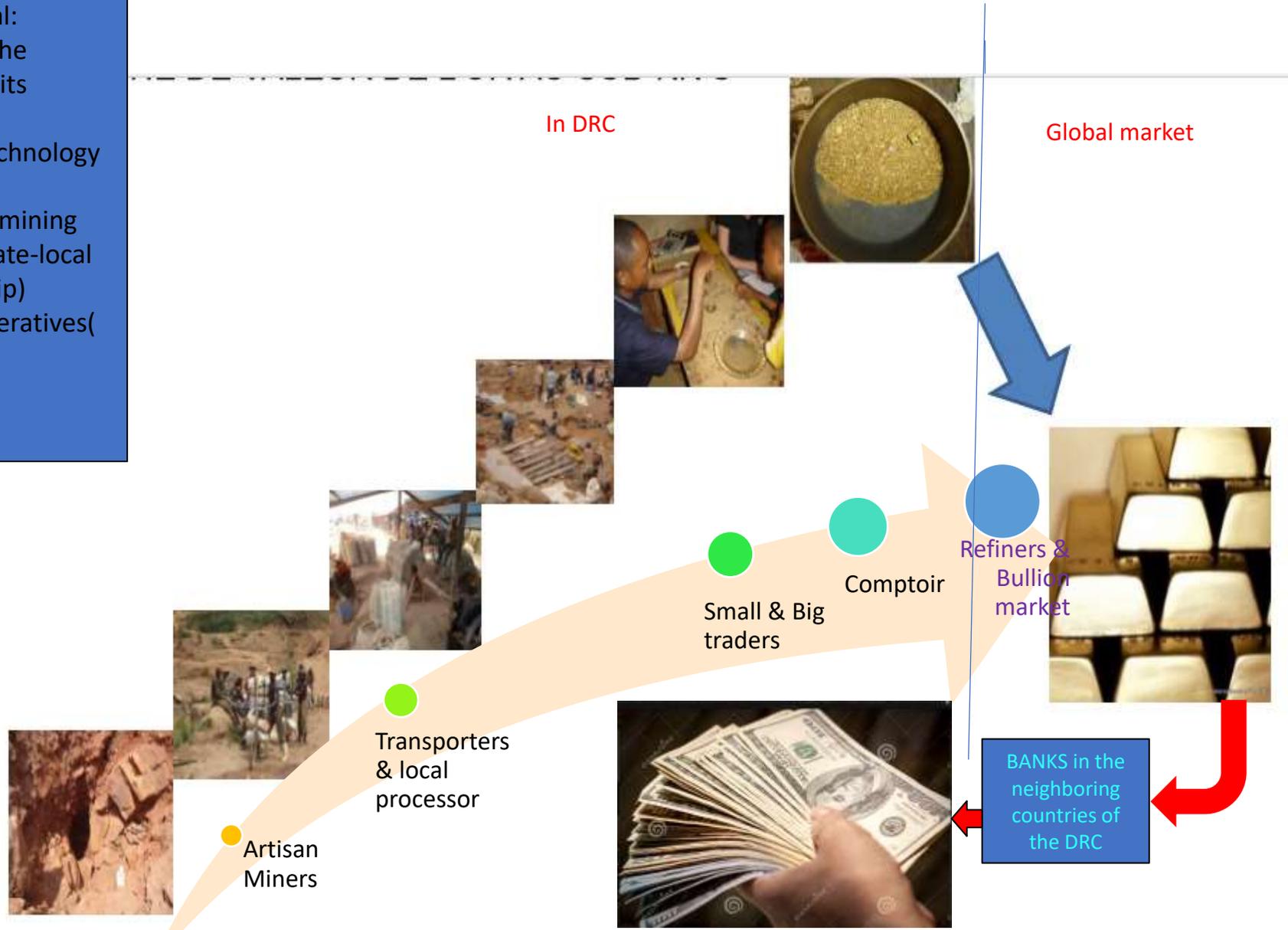


B. The way they are implemented

- Financial aspect (crucial: because gold follows the money that facilitates its exploitation)
- Lack of appropriate technology (technical aspect)
- Not enough artisanal mining zones (legal aspect, state-local community relationship)
- Viability of many cooperatives (Organisational aspect)

What are the obstacles to the implementation of a gold traceability system.

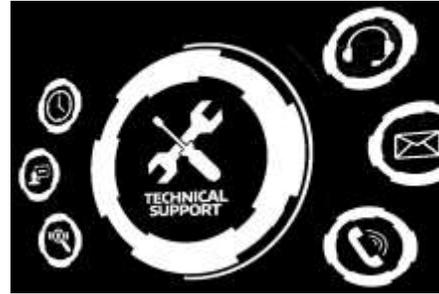
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The needs for an efficient gold traceability system



Institutional



Technical



HUMAN RESOURCE



Policy toward
traceability &
Administrative
support



Technology that will
consider both the local
context and accepted
standards for responsible
gold



understanding of the
operation of the Congolese
gold supply chain and the
due diligence package

The needs for an efficient traceability system



INSTITUTIONAL



TECHNICAL



HUMAN RESOURCE



Technology that will consider both the local context and accepted standards for responsible gold

understanding of the operation of the Congolese gold supply chain and the due diligence package

Conditions and requirements necessary to implement traceability tools on artisanal gold supply chain in DR Congo .

Identifying AMZ & Mining Coop

- In collaboration with the congolese government as well as the LSM

Conduct a gold value chain baselines studies

- To identify potential risks that might impact the supply chain and develop the mitigation strategy

Training Miners & Traders

- Training on safety mining exploitation, environment protection and the necessity of a traceability mechanism,

Develop a suitable financial system for mining cooperatives

- In collaboration with financial institutions

Connect mining cooperatives with potential buyers

- The greatest method to incorporate artisanal miners in the global value chain and, as a result, to guarantee the sustainability of the traceability effort is to connect mining cooperatives with foreign buyers to improve the likelihood that they will receive a fair price.

Invest in project that target miners and local community

- In the mining areas, the effects of mining exploitation should be visible. Additionally, this will be a proper way to involve local communities in mining operations and traceability.

REAGOLD SOLUTION

Responsible Artisanal Gold Solution

Thinking locally to promote responsible artisanal gold

Gabriel Kamundala

CEO

