



AFRICAN MINERALS DEVELOPMENT CENTRE

POLICY BRIEF

Responsible Mineral Supply Chains for ASM in Africa: The Case of Conflict Minerals

The issue of responsible mineral supply chains has taken centre stage in the African mining sector in the last few decades as a response to the challenge of conflict minerals. ASM is often fraught with controversy and this is especially the case with conflict minerals.

Conflict minerals have attracted world attention in view of concerns over abuse of revenues that come from high value minerals that are extracted in conflict zones of the world. It has been documented that mineral trade, taxation and transportation from certain regions provide an income to groups that violate environmental and human rights and perpetrate corruption.

The breadth of ASM expands from panning for gold in a river to underground activities. Despite the activity's lack of efficiency, it is estimated that 15 to 20 per cent of global minerals and metals are derived from artisanal mining (IIED, 2013) and as much as 80% of sapphires are mined artisanal. With the rise in consumerism, an increase in demand for raw materials was recorded in recent years. The focus on supply chains started from

higher demands in luxury goods such as jewellery, which called for full disclosure regarding the mine-to-consumer process.

“Many of the accountability initiatives emerged due to the rise of consumer awareness especially in the luxury sector. There is more awareness and demand for information on the origins of raw materials.”

A lack of transparency in supply chains can tarnish brand image for companies relying on gold or precious stones. From an African perspective, it is important to determine this impact and also begin to chart a way forward given the ideals of the Africa Mining Vision (AMV) (African Union, 2009).



“ Diamonds are not listed amongst conflict minerals but influenced civil wars, displaced people, and funded armed conflicts in Africa for many years. ”

Key Messages:

There is no universally accepted definition of “conflict minerals”. The Dodd-Frank Act and the OECD Due Diligence Guidance aim for conflict-free supply chains, which is a vague term (Ille, 2016). Deciding which resources can be considered ‘conflict-free’ or not, was therefore a contentious issue in the negotiations of new EU regulation.

- Different dynamics exist between ASM in metals and precious stones. Research shows the strong implication of gold compared to the 3Ts (Tin, Tantalum and Tungsten) towards conflict-financing in parts of the Great Lakes region. The smuggling of gold and diamonds is particularly prevalent and hassle-free.
- Policies that constrain ASM will have a socio-economic impact. ASM in mineral-rich regions offers tangible prospects for poverty alleviation. Livelihood diversification has historically been a way of life across sub-Saharan Africa and ASM is integral to that diversification in mineral endowed countries.
- Policies must address the whole value chain and supply chain. Cleaning supply chains is imperative and keeping an eye on Fairtrade initiatives that are emerging as part of traceability efforts.

International response to conflict minerals

The ASM sector on the continent generally takes to formal, illegal and informal mining, with the latter dominating the industry. The Democratic Republic of Congo (DRC) has vast amounts of mineral wealth, and yet it has one of the lowest GDPs in the world. In the eastern regions of the country, conflict is fuelled by profit from the mineral trade by directly exploiting artisanal mines or levying illegal taxes. It is estimated that more than half the artisanal miners in the eastern DRC work in mines in conflict areas. The minerals at the source of conflict have included: Tantalum commonly known as Coltan, Tin, Tungsten and Gold. Many international human rights organisations working with local NGOs have taken a stance against abuses related to natural resource exploitation. This has resulted in a lot of initiatives to address issues of armed conflict related to natural resource exploitation.

Diamond ASM supply chain

Diamonds are not listed amongst conflict minerals but influenced civil wars, displaced people, and funded armed conflicts in Africa for many years. One of the oldest initiatives, the Kimberly process is a United State (US)-based joint government, industry and civil society initiative and it was geared towards blocking the trade of conflict diamonds. Many of the diamond-related initiatives are directly linked with the US, the largest market for the precious stone, followed by the Gulf countries and China. Compared to the 3Ts, traceability of diamonds is easier. The Responsible Jewellery Council, which consists of a jewellery industry association certifies members for ethical practices in gold and diamond supply chains. The precious stones due to its pivotal role in wars in Liberia and Sierra Leone

referred to as “blood diamonds” or “Rebel’s best friends”. The Diamond Development Initiative (DDI) on the other hand focuses on supporting long term community development for diamond ASM by encouraging formalisation and economic integration. The DDI works within the Kimberley Process and in parallel with its certification process.

ASM specific supply chain initiatives

Industrial mining that wavered due to instability opened opportunities for ASM and conflict minerals to flourish with little control. The informal nature of ASM made miners and communities close to ASM sites more vulnerable to armed groups. Some international initiatives have been established to focus on ASM such as the OECD Guidance on the Artisanal Mining sector, which aims to reduce marginalization for ASM and transparent supply chains. The ICGLR Certification Mechanism on the other hand focuses on ASM formalization and traceability of minerals to stop rebel financing. On the other hand, the BGR Mineral Certification with projects on the 3Ts running in the Great Lakes Region focuses on due diligence, ASM conflicts risks and ASM formalization. Like previously cited initiatives, the BGR Mineral Certification was crafted following the impact of the US Dodd-Frank Act.

Conclusion and Recommendations

There remains evidence of research gaps and despite all the initiatives, major problems do remain. These include ongoing security threats in communities near mines, especially gold mines; failures in traceability systems; limited access to formal markets or alternative livelihoods by artisanal miners; an insufficient number of legal artisanal mining zones; and continued minerals smuggling.

Broadly, these centre on limited definitions, weak monitoring, dearth of transparency, lack of institutional secretariats, audit independence and voluntary participation. An important aspect is alignment with home-grown solutions that support the growth of the minerals sector on the continent, such as the African Minerals Governance Framework (AMGF), the AMV Private Sector Compact and the frameworks coming out of the regional economic communities (RECs) and intergovernmental organisations. Further work should place African policy into proactive mode vis-a-vis emerging mineral demands such as cobalt and lithium demand for green growth pathways exemplified by those in the motor vehicle industry.



This implores for more concerted approaches and efforts towards:

- Formalisation of operations - how these various initiatives along with other ones have affected formalisation? This would include verifying the economic benefits that have accrued to ASM communities.
- Financing structures for miners through micro-credit facilities and, verifying how much of those finance flows have trickled down to the ASM miners.
- Integration into national supply chains by verifying if the legitimisation of mineral value chain has contributed in any way to new interventions in the lives or communities of ASM.
- Impactful interventions on ASM that encompass all aspects of the SDGs (Social development, Economic Development and the Environment).
- AMV domestication process impact on conflict minerals and implications on addressing gender issues, child labour and human rights abuses.

References:

- Africa Union (2009)*
- IIED (2013) Toward Inclusive, Sustainable Artisanal and Small-Scale Mining (ASM), IIED ASM Knowledge Programme, 2013-2018, International Institute for Environment and Development (IIED)*
- IPIS (2016) Analysis of the interactive map of artisanal min-*

THE AMDC APPROACH

“Harnessing minerals resources for Africa’s transformation”



AFRICA MINING VISION

“Transparent, equitable and optimal exploitation of mineral resources to underpin broadbased sustainable growth and socio-economic development.”

African Minerals Development Centre Mission

To work with AU Member States and their national and regional organisations, including the AUC, the NEPAD Planning and Coordinating Agency (NPCA), and Regional Economic Communities (RECs) to enable mineral resources to play a greater transformative role in the development of the continent through increased economic and social linkages, and in this manner, help address its intractable poverty and limited development.

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The AMDC Workstreams

Our workstreams reflect the priorities identified by African governments.

1. Policy and licensing
2. Geological and mining information systems
3. Governance and participation
4. **Artisanal and small-scale mining (ASM)**
5. Linkages, investment and diversification
6. Human and institutional capacities
7. Communication and advocacy

We harness knowledge from these areas to support and inform a wide range of stakeholders. Together, this work supports African mineral economies to: develop consistent development-oriented mineral policies and regulatory frameworks; make effective use of geological and geospatial information for developmental outcomes; diversify their economies by unlocking linkages; establish a knowledge-driven and well-governed African mineral sector that is socially and environmentally accountable, mainstreams gender and contributes to broad-based growth and development; and build a viable and sustainable artisanal and small-scale mining sector to provide decent quality of life for rural communities.

Artisanal and small-scale mining (ASM)

- Works to reinforce the extent to which ASM frameworks in African countries align and support AMV implementation.
- Carries out targeted interventions to help optimize ASM contributions towards local entrepreneurship, livelihoods and integrated socio-economic development, with particular focus on the key role of women in ASM.
- Provides thought leadership in collaborative efforts to leverage the potential of ‘development minerals’ for transforming the ASM sector.