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How the Mining Sector is Contributing to Sustainable Development & Improved Governance

An emerging Extractive Industries Network in Katanga & Orientale Provinces, DRC



The Extractive Industries Network seeks to contribute significantly to the long term development of Katanga and the DRC. The programmatic components of the program are designed to meet the intermediate needs of a fragile state, as well as to begin to create the institutional structures essential for transformational development and the achievement of improved standards of living, quality of life and participatory governance.

The goal of the Extractive Industries Network:

- Promote sustainable and equitable social and economic recovery in Katanga and the Democratic Republic of Congo

Pact works with the mining sector in the DRC to set the stage for social and economic recovery by ensuring systems for social development are in place, conditions for grass roots communities are improving, and contributing to efforts to ensure that the powerful mining sector is governed in a more responsible manner.

With USAID, Pact team and its corporate partners are working towards the achievement of three program results over the three year period. These results are:

- **Result 1:** Promote efficient, effective and self-sustaining channels for regional social development funding;
- **Result 2:** Improved socio-economic conditions (livelihoods, health and education) in target communities;
- **Result 3:** Improved governance of the mining sector in the Democratic Republic of Congo.

Improving socio-economic conditions in terms of livelihoods, health and education

The EIN is focussed on building, from the grass roots, the social and economic recovery which is vital to the future of the DRC. This requires investment in basic infrastructures, new tools and technologies, improving productivity, access to markets and critically, investment in community capacities to manage their own development. Activities during the first year have laid the ground-work for long term commitments to improving the health, education and livelihoods of members of these communities.



EXTRACTIVE IN IMPACT TO DATE:

- 21 school classrooms, 3 markets and 66 latrines completed
- 1 bridge completed
- 1 town water system nearing completion
- 1 hospital visitation hall for patient's relatives completed
- 1 hospital assisted to improve long-term management

Technicians from the Zone de Santé work with Pact to produce moulds for building latrines



Official start of the construction of the Primary School in Muombe Mwewa, Kinsevere



Installation of the water pump at Mpala



A craftsman working on school benches

A participative approach is used in all projects to ensure that the activities genuinely meet the needs of the population, that the community is supported and enabled to make informed decisions, that there is a strong sense of ownership, and that there is a plan in place for the sustainability of the social investment.

In all projects, the community makes a contribution to the activity - whether in supplying labour, skills or materials.

Community Development Committees are established through a democratic process, ensuring that all groups and perspectives within the community can be represented and engaged in deciding how best to develop and use their resources.

These Committees also serve as a forum for conflict resolution and training is now being provided to enable them to take on a role in monitoring and maintaining security.



Building a water pump



Elections for a Community Development Committee



Building markets stimulates economic activity



EXTRACTIVE IN IMPACT TO DATE:

- 31 farmer's contact groups established
- 1782 farmers and 492 vegetable producers reached
- 216 individual involved with husbandry improvement efforts. 268 animals distributed
- 46,5 tons of seeds distributed on credit basis (peanuts, bean, soybean, sunflower and vegetable seeds)
- 3 seed multiplication sites established with volunteer farmers: (base seeds + inputs + cash credit provided and training organised for seeds farmers)

The EIN is focussed on increasing agricultural productivity for participating farmers by as much as 20% or more for their staple crops, while helping them to diversify into historic, and new, products and markets. Building on the experience gained under the USAID funded MALI program the EIN supports economic growth and change through a multifaceted approach, targeting individual farmers/producers through a farmer field school approach (20-30 innovative farmers per community) as well as grower associations and marketing cooperatives. Interventions will focus on increasing individual productivity and improvement in yield.



Good harvests have been achieved in the first year of activity, with many farmers now able to expand and diversify.

The EIN is supporting the creation of new and diverse Small, Medium & Micro Enterprises (SMMEs) to serve local and regional markets (including the mining companies). Improving access to financial resources (micro-credit and savings) is also a critical component for setting the stage for long term livelihood improvement.



Training in developing a business plan



The Microenterprise Incubation Centre

Focus is put on producer associations and the creation of at least 50 operational SMME's and, if appropriate, cooperatives, to improve marketing of the products. In order to promote alternative activities, the Microenterprise Incubation Center already in operation through USAID/MALI and World Bank financing (demonstration, on-site training, beehive and then assisting in re-localization depending on business needs) will give support to local producers and SMME's to start their production and operation. Technical, management and marketing training will be provided to SMME's. At the end of the training, Pact will assist potential business owners to develop business plans and to apply for micro-finance loans (guaranteed through the EIN with a local micro-finance bank) which will provide them with appropriate technology equipment and start up funds in order to help them to develop their own businesses.





EXTRACTIVE INDUSTRIES NETWORK IMPACT TO DATE:

- 53 SMEs created
- 506 People employed in SMEs
- 41 credit facilities extended
- Average salaries in Tenke Fungurume Mining (TFM) SME's is around US\$150



The EIN aims to involve women in all livelihoods improvement activities through targeting 50% women participation in livelihoods activities and the integration of livelihoods through the Worth empowerment savings and literacy program. Within the microfinance components of the program, women are targeted and participate in micro-savings and loans through functional literacy support groups forming village banks in groups of 20 women each. The group will lend the saving amount to the members who need to undertake their own businesses. Management and business trainings will be provided to those members in order to help them promote their business.

WORTH is a woman's program that fosters grassroots development, increased family income, and local control of resources.



EXTRACTIVE INDUSTRIES NETWORK IMPACT TO DATE:

- 959 Women in 31 Worth groups
- CDF 12 to 16,000 saved per month per group



Through the EIN, 1000 women are joining the 5,200 women already engaged in the WORTH programme in the DRC through Pact's previous work with USAID. WORTH is a global network which is changing the lives of of women worldwide.

Since WORTH began 125,000 poor women in seven countries have:

- more than doubled their savings from \$720,000 to \$1,800,000
- tripled the number of women who can read and write
- quadrupled the number of women in business from 19,000 to 86,000
- achieved an eight-fold increase in annual income from their businesses, from \$1.2 million to over \$10 million

Extractive Industries Network

Improving transparency

Respecting human rights in mine security

Improving the livelihoods of artisanal miners

The EIN is a forum for collaboration on three key governance issues in the mining sector in the DRC. The first is improving the transparency of revenues paid to the state, particularly in relation to the mining royalties, which are intended for social benefit. The second focus area is to ensure that human rights are respected in security arrangements for the mining sector. And thirdly, to address the major challenges of transition from the informal, largely illegal and dangerous artisanal mining sector into a regulated mining industry.

Key activities in this area are:

Transparency:

- Supporting the implementation of the EITI in the DRC - both at corporate and at grass-roots level. This includes seeking mechanisms to improve the transparency of recording materials produced by artisanal miners, which currently account for 90% of the DRC's mineral production.
- Analysing the value of the mining royalties, which are being, and will be, paid to the state and the implications for social development at provincial and territorial level. Following this will be an effort to strengthen capacity of local government in respect to revenues transparency and development planning.

Human Rights & Security:

- Supporting the implementation of the Voluntary Principles on Security & Human Rights. The EIN companies are all committed to implementing the VPs and participate in monthly meetings with other stakeholders on this issue. Collective action is being taken to create protocols relating to the comportment of public security forces in the mines, and to find constructive ways to support government efforts to improve these services.
- Strengthening community capacity to monitor and engage in security arrangements around the mines.

Artisanal Mining:

- Identifying alternative livelihoods for artisanal miners and assisting them to make the difficult transition from a daily income to investing in their future
- Assisting EIN partners in negotiations with artisanal mining communities to find peaceful solutions to potential artisanal mining - largescale mining conflicts. This includes assistance with the closure of dangerous mining sites
- Strengthening the capacity of the government service for artisanal miners, SAESSCAM, to improve conditions for artisanal miners and to enable them to legally and safely work on sub-commercial resources, and to become part of the legal value chain



Peaceful closure of the crumbling edges of the Mutoshi Pit, Kolwezi



Peaceful negotiation & evacuation of the Mutoshi North site, Kolwezi



The challenge of closing the Addidi Mine, Mongbwalu where the miners are digging out the pillars that support the roof



Negotiating compensation & employment offers with artisanal miners



Left: Building capacity & resources of the government service, SAESSCAM

Below: Mining company geologists helping to assess a potential resource for an artisanal quarry







Kolwezi Artisanal Mining Project Fact Sheet

Who:

- Anvil Mining Ltd/Societe Miniere de Kolwezi (SMK)
- International Finance Corporation (IFC)
- Katanga Mining Ltd / Kamoto Operating Limited (KOL)
- Nikanor/DCP
- Pact Congo
- Tenke Fungurume Mining (TFM)
- US Agency for International Development (USAID)



Where: Kolwezi, Katanga Province

Project start date: February 15th 2007

Project end date: November 30th 2007

Individual company contributions: US\$ 50,000

USAID contribution: US\$ 50,000

IFC contribution: US\$ 407,795.95



Project goal: To develop an integrated approach to artisanal mining that provides a strategic roadmap with a set of practical recommendations on safe legal mining practices, livelihood alternatives and conflict management for implementation in Kolwezi, Katanga Province, DRC,

The project is intended to contribute to a better understanding of the dynamics of artisanal mining and to rally key players around a set of agreed-upon actions aimed at improving the lives of the artisanal miners.

Objectives:

- ❖ Identify how artisanal mining can be managed as a legal, responsible, safe and efficient livelihood opportunity which is integrated into the sustainable social and economic development of Kolwezi;
- ❖ Analyse and articulate the economic needs of artisanal miners, map market opportunities, and develop practical recommendations for alternative livelihoods, including SME and supply chain development;
- ❖ Engage stakeholders across all sectors and create an association for consultation and dissemination of information;
- ❖ Contribute to the immediate and long-term resolution of existing and potential conflicts; and
- ❖ Address the specific issues faced by women and children in the context of artisanal mining.

Major activities:

- **Baseline data collection:** Baseline information will include a review of the judicial sector as it relates to application of artisanal mining articles in the Mining Code, a data collection of child miners operating in Kolwezi, a socio-economic survey of women artisanal miners, and a mapping of Kolwezi town.
- **Assessment of economic activities, infrastructure needs and commercial opportunities:** a comprehensive plan to stimulate alternative economic activity and generate new SME development, particularly in relation to supply and service provision to the mining sector. This will be linked to identification of key infrastructure rehabilitation needed to support such economic activities. Recommendations resulting from the economic opportunity and infrastructure needs mapping will focus on:
 - Proposals and funding mechanisms for large infrastructure rehabilitation that may support high-intensity manual labor
 - Identification of key economic activities that will be viable alternative livelihoods for artisanal miners
 - Identification of access opportunities to finance and markets
 - Sustainability plans for each proposed intervention
- **Capacity building & training:**
 - A training plan for SAESSCAM elaborated and implemented.
 - A Voluntary Principles training for private and public security actors operating in Kolwezi with participation from other companies operating in Katanga, government and civil society actors.
- **Stakeholder Engagement:**
 - Targeted workshops, seminars and round tables with a wide variety of actors to analyse challenges and propose collective solutions;
 - Dissemination of key findings and results of the project to stakeholders;
 - On-going engagement with stakeholders as to the project's objectives and results.

Sustainability:

The plan will present a vision of a sustainable community, benefiting from the economic activity generated by legal and responsible mineral extraction, processing and trade at several scales, where artisanal mining is one activity within a broad range of livelihoods. The plan developed and implemented for Kolwezi will be a potential model for other parts of the industry in Katanga, and the DRC in general. Through Pact's facilitation of the Extractive Industries Alliance, this initiative will set the stage for short term crisis management and follow-on potential support from USAID and DFID, and other donors to be identified. Other sources of funding are currently being identified.