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USAID’S ZAHABU SAFI (CLEAN GOLD) PROJECT LAUNCHES REFINERS COMMUNITY OF PRACTICE TO HELP SET UP RESPONSIBLE GOLD SUPPLY CHAIN FROM EASTERN DRC

A PRE-COMPETITIVE AND COLLABORATIVE GROUP OF REFINERS familiar with the challenges of sourcing artisanal and small-scale mining (ASM) gold from the DRC came together in late 2020 under the umbrella of USAID’s Zahabu Safi (Clean Gold) Project’s Refiners Community of Practice (CoP), following in-depth market analysis into the reasons why they tend to refrain from sourcing DRC gold. Conscious of the positive impact they could have on ASM communities through responsible commercial partnerships by influencing the ban of gross human rights and environmental practices, they wanted to explore the possibility of such partnerships in the DRC as part of their larger ESG commitments.

The seven-members-strong CoP includes Heimerle + Meule, IGR, Italtrezioli, L’Orfibre, MKS PAMP, PX Precinox and Rand Refinery. All were invited to join based on their previous commercial involvement and/or interest in the DRC and willingness to share and learn. If satisfied by their improved understanding of and visibility into the risks and risk mitigation efforts taken by Project-supported actors upstream in the DRC, they will explore opportunities to purchase ASM gold from Project collaborators in eastern DRC.

Convened and curated by Levin Sources in the spirit of the OECD Due Diligence guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the CoP is a constructive forum to build responsible ASM gold supply chains through dialogue with USAID’s Zahabu Safi (Clean Gold) Project implementing partners, sectoral standards bodies and upstream supply chain actors.

The refiners provide much valuable peer support and act as a sounding board to the Project team to help overcome key challenges of the kind they might have previously faced. Actionable information shared to date includes the minimum volume of gold required, refiners’ views on risk analysis and due diligence and the importance of only working with mine sites certified by the DRC government.

International authorities, stakeholders and markets for precious metals, such as the London Bullion Market Association (LBMA), Responsible Minerals Initiative (RMI) or London Metal Exchange (LME) have stringent requirements for sourcing gold from ASM. Continuous improvement towards compliance with these requirements can help ensure that gold is sourced responsibly, which means that it was sourced without contributing to conflict, gross human and labor rights abuses (such as child or forced labor) and minimizes harm to the environment. However, in conflict-affected countries with weak/nascent democratic institutions like the DRC, these requirements result in

market barriers for ASM cooperatives and exporters that can best be overcome as part of a pre-competitive, multi-stakeholder effort.

Sourcing from the DRC comes with certain risks that have been pro-actively identified and mitigated by the Project's multiskilled team lead by Global Communities, with support from consortium partner Levin Sources and from due diligence partners RCS Global and Better Chain during the time they were directly contracted by the Project.

In a spirit of transparency, all CoP members have access to supply chain analysis, including progress on the implementation of corrective action plans by RCS Global and Better Chain, and are invited to pursue dialogue with upstream actors.

The CoP platform provides a built-in private sector/commercial counterpart for the Project and project-supported actors upstream, comprised of actors further downstream in the ASM gold supply chain to engage and with whom to explore business opportunities: one of the many strands of private sector engagement across all nodes of the supply chain. Without this kind of safe space discussion forum to collectively learn lessons and problem-solve, responsible sourcing from the DRC cannot be easily achieved.

Over the course of the last year, as the CoP was convened regularly, refiners received key Project updates and learned of progress to achieve responsible exports from project-supported actors they can potentially source from in the South Kivu, Maniema and Ituri provinces.

More recently, some members have started holding bilateral conversations with upstream partners to ensure due diligence requirements are met ahead of a possible export. The Project has been facilitating these discussions with the end goal of contracts being signed between producers, exporters and refiners.

By learning from and exchanging with the seven refiners, the Project seeks to increase demand for commercially-viable and responsibly-sourced ASM gold from the DRC. Refiners are just one of many downstream actors the Project engages with. Others include jewelers and technology companies, and the Project has been facilitating contact between jewelers and refiners.

The refiners' very involvement in the Project supports on-the-ground positive change, encouraging partner cooperatives to implement action plans against the worst forms of child labor, on-site military presence and mercury use. It creates an alternative, responsible market channel for partner cooperatives and exporters, where access is contingent upon compliance with the most forward human rights, environmental and anti-corruption laws, as they know that infringement create barriers to sourcing and trade with particular buyers.

The CoP platform has allowed the Project to facilitate commercial relationships between upstream actors and the downstream that we aim to extend beyond the Project lifecycle.