Business plans for small-scale mining in the Democratic Republic of the Congo

CTC - training of mining cooperatives and state services in the province of South Kivu

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Mining in the Democratic Republic of the Congo

Ressources minérales importantes:
- Or
- Cuivre
- Uranie
- Cobalt
- Argent
- Tungstène, Tantale (Coltan), Étain, Columbite

CTC Project area

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DRC depends heavily on its mining sector
- 55.8% of its GDP
- 77.3% of its goods exports
- 1/6th of formal employment

Mining in the Democratic Republic of the Congo

- **Cobalt**: 65.6%
- **Diamonds**: 15.2%
- **Tantal**: 21.5%
- **Copper**: 3.4%
- **Gold**: 0.97%
- **Tin**: 1.4%

**DRC share of the world production (2012)**
900,000 people work in ASM (est. 8% of the Congolese population depends directly or indirectly on it)

80% of the tantalum and tin production, 95% of the diamonds (2005-2007)
Difficulties of the ASM sector in DRC

- Poor OHS and working conditions
- Low productivity
- Difficult market access
- Negative impacts on the social and natural environment
- Still linked to armed groups and violence

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The conflict minerals issue: 3T and Gold

1. ASM mines
2. Négociants
3. Traders
4. Exit ports
5. Smelters / refiners
6. Industrial manufacturers

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Project: Certified Trading Chains – a national certification mechanism

Partners: Ministry of Mines, DRC; and its relevant departments and services in the Eastern provinces.

Goals (2009-2021):
- Control of the Mining Sector in Eastern Congo
- Formalization and Legalisation of Artisanal Mining
- Increase of Tax Revenue from Mining Sector
- Based on 5 principles: transparency and traceability, working conditions, OHS, community development and environment

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CTC Successes

- **Products**
  (http://www.fairphone.com/)

**CTC Compliant**
- Mine in South Kivu (Kalimbi)  
  [Tin for Fairphone]
- Mine in Katanga (Mayi Baridi)  
  [Tantalum for Fairphone]
- Mine in North Kivu (Bibatama)

**CTC Baseline audits**
- 7 Audits since 2012
- 15 Audits in 2015

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Hannover, 13.11.2014
Needs for capacity building for state services and cooperatives

- Occupational Health and Safety
- Ventilation of underground workings
- Roof and Ground control in underground workings
- Drainage of underground workings
- Mineral processing
- Environment protection
- Insufficient operational planning

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Attracting capital for mining cooperatives via good business plans

- Clarify business idea and goals
- Business plans: Decision-making tools
- Measure progress over time
- Plan to attain objectives
- Weaknesses of the business idea

- Make a general inventory of their situation
- Establish a course of activities
- Seek financing through investors, banks or donors
- Formalize into small-scale mines and increase their overall socio-economic level

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Example of the Kalimbi mine

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Lessons learned for the BGR

- Training well received by participants
- Overestimation of turnover and underestimation of capital and operating costs
  - Insist more on cash flow planning
- Lack of knowledge about quantity and quality of the reserves/resources
  - Offer support in prospecting and exploration
- Lack of understanding of commodity price fluctuations and investment conditions, as well as sustainability
  - More training about mining economy relevant issues
Business plans are an important first step for mining cooperatives in order to develop business ideas and to attract capital.

Holistic business plans generate possibilities to include safety and environmental aspects early in the planning.

Improvement of ASM planning capacities and increase of self confidence.

Build trust between the different actors (gov. services, NGOs, ASM sector, banks) especially for DRC.

Sensitize local microfinance institutions to issues of ASM.

Create opportunities for investors, banks or donors.

Provide transition possibilities to other livelihoods.
Thank you for your attention!

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