



Briefing Note
Just Gold Project Site—Butuzi (Kaziba), South Kivu—January 2016

Partnership Africa Canada's (PAC) Just Gold project aims to bring legal, conflict-free, and traceable gold from artisanal mine sites in the Democratic Republic of Congo to international markets.

Butuzi in South Kivu is PAC's second location for the Just Gold pilot project. We are currently undertaking baseline research and laying the foundations for the project, which we expect to be fully operational later in 2016.

As PAC establishes a project site in South Kivu, we call on the international community to invest in infrastructure and repair the road between Bukavu and Butuzi, as well as ensure it remains secure with collaboration from the United Nations to support efforts for safe transport of conflict-prone minerals.

How the Just Gold Project Works

The Just Gold project creates incentives for artisanal gold miners to channel their product to legal exporters—and eventually responsible consumers—by providing technical assistance to miners in return for legal sales. Miners are taught better exploitation techniques and offered Just Gold project equipment, in return for which any gold produced must be tracked and sold through legal channels.

The Just Gold Model Trading House acts as a legal conduit for Congolese artisanally produced gold by purchasing gold at international market prices, and selling the gold to a partnered legal exporter (comptoir agréé). The Just Gold Model Trading House captures the sales margin which pays for operating costs, costs of traceability, ongoing maintenance, and replacement of equipment. A percentage is returned to the community through a local development fund.



Just Gold held its first pilot project in 2012-2013 in Orientale Province. PAC successfully engaged artisanal miners, with 92% of gold from registered miners sold to participating small traders. Miners gold yields increased by 30% after the introduction of new equipment and training.

PAC launched the second Just Gold pilot project in 2015, with the first mine site in Mambasa, Ituri registering 300 artisanal miners. Miners have begun using new equipment and are selling their gold yields to the Model Trading House, with the initial links in the supply chain being tested. In addition, the conditions at the mine site and integrity of the supply chain are being verified by international buyers and relevant officials to ensure that Just Gold's chain of custody conforms to international standards. The Just Gold project will comply with the ICGLR's Regional Certificate Mechanism and the OECD Due Diligence Guidance.

Why Gold is More Challenging to Regulate than 3Ts

Despite numerous regional and international regulations that promote due diligence and traceability of conflict-prone minerals, implementing these rules in the artisanal gold sector within the Great Lakes region has largely failed.

Due to the small margins in gold and competitive pricing, compounded by unrealistic and differing tax brackets set across the Great Lakes countries and within the DRC, the incentive to smuggle gold across borders remains high. In addition, gold refiners are multiple throughout the globe and therefore not concerned with complying with US regulations.

Just Gold is the first project that aims to formalize the artisanal gold sector by creating a traceable, conflict-free, mineral supply chain from mine site to refiner.

A key barrier to legal gold sales is the taxation levels, currently set in South Kivu at 15%, 2% of which is the national export tax. If governments lower their gold export taxes, it would not only decrease the incentive to smuggle, but increase tax revenue over the long-term. PAC is calling for the (national) export tax of 2% to be maintained and a reduction in provincial taxes to 1%, thus reducing the total official tax burden from 15% to 3%, which is in keeping with export tax levels in neighbouring states.

Integrating Gender Rights into Artisanal Mining

PAC is leading ground-breaking research at the Just Gold mine sites, with comparative analysis across the Great Lakes region on the participation of women in artisanal mining and the gendered dynamics of the sector. Our research demonstrates that women are vital to the artisanal gold sector. Among their many roles, they work as diggers, traders, or suppliers of equipment, while others prepare food. Other women have fled conflict-affected areas to work as sex workers along transport routes and around mine sites.

Our research has observed that seasonal and production fluctuations heavily impact women's security. This amplified women's vulnerabilities and requires that they be highly adaptable and ready to turn to other means of sustenance, such as farm work and small trade.

Due to the importance of women's participation and reliance on the sector—PAC calls for an end to restrictions on women's work in mining areas, as it can render women even more physically and economically vulnerable. As women are dependent on natural resources, we call for their full participation as key stakeholders in resource governance.

We also recommend avoiding making mining co-operatives or associations obligatory for artisanal and small-scale miners and to monitor and ameliorate any gendered effects. It is PAC's observation that these co-operatives or associations often reproduce and further embed existing power differentials in the community.