Transparency about traceability programmes

A comparative case study about the effectiveness of responsible mining initiatives in Africa

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Abstract

Many countries in Africa have suffered because of their own richness in resources. This phenomenon is called 'the resource curse'. In the last two decades, multiple organisations have set up track & trace schemes to reduce the effect of conflict in the mineral sector. This research analyses three track & trace schemes – the Kimberley Process, iTSCi and Just Gold – to measure their effectiveness. The literature about the resource curse is analysed to create understanding of the resource curse. Based on secondary data and interviews with experts of the schemes, it seems that currently no scheme is effective enough to create a fully sustainable mineral chain. The Kimberley Process has been effective in increasing the legal export of diamonds but lacks a focus on the improvement of governance. iTSCi has created a extensive body of monitoring mechanisms but evidence indicates that there is still corruption and armed interference within the mining sector. The Just Gold project is improving the livelihood of the mining community but seems to lack direct influence in reducing conflict. The question arises if track & trace schemes are capable to create a fully sustainable mining sector.

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Acronyms

3T	Tin, Tantalum and Tungsten
3TG	Tin, Tantalum, Tungsten and Gold
DRC	Democratic Republic of the Congo
FARDC	Forces Armées de la Republique Democratique du Congo
ICGLR	International Conference on the Great Lakes Region
IPIS	International Peace Information Service
ITRI	International Tin Industry Association
iTSCi	ITRI Tin Supply Chain Initiative
KP	The Kimberley Process
KPCS	The Kimberley Process Certification Scheme
OECD	Organisation for Economic Co-operation and Development
SAEMAPE	Service d'Assistance et d'Encadrement des Mines Artisanales et de Petit Echelle
SoW	System of Warranties
WDC	World Diamond Council
ZEA	Zone d'Exploitation Artisanale

Introduction

Many countries in Africa have become a victim of their own wealth. These countries have not been able to translate the presence of an abundance of natural resources into a flourishing economy and a developmental state – a state-led policy aimed at improving the macroeconomic position. Instead, the resources became a spill in a web of bad governance – the inability of public institutions to fulfil in the needs of the public –, low economic growth and conflict. This phenomenon is also known as the ‘resource curse’. The end of the Cold War and the increased globalization of the economy are often mentioned by scholars as key factors affecting the relationship between resources and conflict (Cuvelier, Koen & Olin. 2014; Berdal, 2003). After the end of the Cold War, rebel groups could no longer rely on financial support from states with ideological interests, such as the United States, Cuba, and Russia and of former colonial powers such as French and Great-Britain. Rebels needed to fund their own rebellion and exploiting natural resources could play a key role in doing so. Especially since the global economy became widely accessible, illegally mined minerals could be traded more easily. These developments have, partly, made multiple resource-rich states and their mineral sectors fragile. Since the beginning of this century, multiple international organisations have been trying to turn this curse into a blessing. Their aim is to change the mineral sector into a transparent, sustainable chain – a chain that is not supporting non-state violent actors and does not contribute to human rights violations and corruption – from which local communities and the country as a whole can benefit. In this research I will look at the effectiveness of the track & trace schemes of these organisations.

Background

The resource curse literature started in the 50s and 60s of the previous century. It started with economists who found negative correlations between the presence of resources and the performance of the economy. Since the beginning of the twenty-first century, the institutional aspects of the resource curse has drawn considerable attention. These studies argue that the presence of an abundance of resources hamper the development of strong governmental institutions. These weak institutions in turn are negatively affecting the economy. This shows the interlinkage between resources on the one side and the two dimensions of economic performances and institutions on the other side. Besides these two dimensions, a specific subfield of the resource curse developed since the 2000s that aims at explaining the relationship between resources and conflict. In the next chapter, I will extensively address these dimensions and paint a picture of the resource curse literature.

Traceability schemes

In the past two decades multiple track & trace schemes have made it their core objective to let countries who are affected by the resource curse benefit more from the resources they possess. These schemes try to do so by creating a transparent chain of production which can identify the origin of the mineral. Only minerals that are conflict-free will be certified for sale. The process of track & trace schemes was boosted by the implementation of the 2010 Dodd-Frank Act. The Dodd-Frank Act is a United States law that aims at the regulation of the financial market. However, section 1502 states that all US-listed companies are mandatory to carry out due diligence on the 3TG – tin, tantalum, tungsten and gold – minerals originated from the Democratic Republic of the Congo (U.S. Government, 2010). On the 1st of January 2021, the EU is also expected to put the Conflict Minerals Regulation into force which has to ensure that EU importers of 3TG meet due diligence standards (ec.europe.eu, 2019). due diligence standards are standards that emphasise responsibility and safe conduct. The OECD Due Diligence Guidance is a well-known and frequently used set of due diligence standards that helps organisations with guidelines that can be followed to act responsibly within the mineral sector (OECD, 2016a).

The schemes that try to improve the mineral sector and that will be researched in this study are; the Kimberley Process, iTSCi and Just Gold. The Kimberley Process is an initiative that tries to create a sector free of conflict diamonds. iTSCi is a scheme that is created by the International Tin Association that aims at creating a conflict-free sustainable tin, tantalum and tungsten (3Ts) sector. Just Gold is a project created by IMPACT – a NGO who aims to improve natural resource sectors where security and human rights are at risk – that aims to create a fully transparent, traceable and conflict-free gold chain. In the chapter 'Results' I will elaborate more on these schemes, how they function and what their strengths and weaknesses are.

This research only focuses on the following lootable minerals; diamonds, tantalum, tin, tungsten and gold. These minerals are so-called point resources – resources that are highly concentrated in a particular area. From the literature, it is mentioned that point resources are most likely to fall prone to bad governance, rent-seeking behaviour – activities that increase one's share of wealth without increasing the total wealth – and a lack of economic competition and diversification (Ross, 2001; Bulte, Damania & Deacon, 2005; Isham, Woolcock, Pritchett & Busby, 2005). Because all the resources that are investigated in this research are alike in this regard, it makes comparing them easier. It creates the opportunity to thoroughly investigate the sector – by focusing on three schemes – despite the small time frame and limited financial means available for this research. This design also gives me the opportunity to speak to an expert on every scheme.

Scientific relevance

There are multiple reports and articles evaluating the effectiveness of the Kimberley Process and iTSCi and while these reports show insights about the schemes, it does not become clear to what extent the schemes address the negative effects of the resource curse that are mentioned in the literature (Howard, 2015; Profundo, 2017; IPIS, 2017; Diemel & Hilhorst, 2018). Furthermore, the comparative aspect of this research provides the opportunity to measure the effects of the organisational and operational differences between the three schemes. This can lead to concrete recommendations with which organisations can organise the schemes in such a way that they can tackle specific aspects of the resource curse more easily. Another valuable aspect of the research is that it addresses the Just Gold project. This project is highly under-researched because it is relatively new. Another scientific relevant aspect of this research is that it makes the link between the literature and the practice of the cases. Making this link will help analyse the schemes in a more theoretical way while looking at the literature with actual cases. This creates a new way of approaching the resource curse and the schemes which can lead to new insights in addressing the problems concerning the artisanal mining sector.

Social relevance

With a contribution to a more sustainable mining sector, this research also creates societal relevance. Currently, the situation in multiple mineral-rich African countries such as the Democratic Republic of Congo, Libya, Sudan and Nigeria is still very fragile and minerals are still a factor of influence in creating these fragilities (ACLED, 2019). This means that there is still an urge to improve the situation in these countries. A well-working mining sector can play an important role in this development. By evaluating how the schemes address the resource curse, it becomes possible to reflect on the effectiveness of the schemes. This information can support the organisations to address the negative effects of an abundance of resources. This will give the possibility for resource-rich countries who suffer under the resource curse to reduce this suffering. A second socially relevant aspect is related to the increased demand for sustainable products. In a globalised world where end-products are constituted of materials from all over the planet, in which consumers are more demanding of the products they buy with regards to sustainability, the schemes can play an important role in supplying this demand. In a study of Nielson Company (2015), it was found that 66% of the global respondents are willing to pay more for sustainable products. The new Conflict Mineral Regulation of the EU is also an indication of the demand for sustainable and conflict-free products.

Methods

This research will try to fulfil these scientific and social relevant aspects by answering the following research question:

"What is the effectiveness of iTSCi, Just Gold and the Kimberley Process in reducing the negative effects of the resource curse in the mineral sector in Africa?"

With the following sub-questions:

- How do the schemes address the economic dimension of the resource curse?
- How do the schemes address the political dimension of the resource curse?
- How do the schemes address the conflict dimension of the resource curse?

In the theoretical framework it will be explained what the negative effects of the resource curse are. Answering this research question will create a clear overview of the literature in relation to the different schemes. The research will take the form of a comparative case study in which the Kimberley Process, iTSCi and Just Gold are the units of analysis. In the chapter 'Methods' the applied methodological approach will be discussed in-depth.

Limitations

One of the limitations of this research is time. If there would be more time available to conduct this research I would be in the position to interview more experts about the schemes. However, by interviewing at least one expert on every scheme in a semi-structured way, I will still be able to conduct a comparative analysis of the schemes. Another limitation is the fact that there is a small body of literature and reports published about the new Just Gold project. This limits the insights in the project and my ability to critically assess the information that is gathered through the interviews. This can result in an analysis that is less thorough than the other schemes. It can also be seen as a strength of the research. This thesis will be one of the first to conduct research into the Just Gold project. This means that the interview related to the Just Gold project should be of high quality to be able to analyse the programme properly.

Research outline

In the following chapter 'Theoretical framework, the different dimensions of the resource curse will be analysed. The chapter 'Methods' further elaborates on the used research methods. It will also discuss how the interviews will be conducted and how data is collected. In the chapter 'Results', the functioning of the schemes will be described. After this description the results from the research will be presented. Furthermore, the 'Results' chapter will provide the answers on the sub-questions. In this chapter, the connection between the schemes and the literature is made to see what the effectiveness of every scheme is. Finally the main-question is answered in the chapter 'Conclusion & discussion'. This chapter will also discuss the limitations of the results, the social relevance and scientific relevance of this thesis.

Theoretical framework

There is a large body of literature aimed at explaining the resource curse. In this chapter I will address two alternative perspectives that explain the resource curse. The first perspective looks at the negative effects of resource abundance in an economic way. It indicates that the discovery of resource wealth can lead to a weakening of the competitiveness of the export sector, a lack of economic diversification and high price volatility. The second perspective highlights the political effects that resource wealth can produce. It highlights the crucial role that institutions play in mediating or alleviating the negative consequences of the resource curse. Finally I will touch upon the specific field of conflict and resources. Here I will discuss the effects of resource abundance on the likelihood of conflict. It touches upon the greed and grievance aspects of a resource abundance and explains the influence of resources on the duration of conflict.

The economic dimension of the resource curse

This sub-chapter discusses the economic effects of an abundance of resources. It describes the macroeconomic implications of it, the Dutch disease theory and the effects on the diversification of the domestic economy.

Macroeconomic effects of resource abundance

In the 50s and 60s of the previous century, economists started to examine the effects of an abundance of resources on the economic development of a country. It was first thought that the presence of resources could help boost the economy by providing the financial capacity for investments (Gilberthopre & Papyrakis, 2015). However, during the decades that followed, research started to highlight the negative effects of an abundance of resources. Scholars found that states with a high share of natural resource exports had lower growth rates than states with a smaller dependence on natural resources (Nankani, 1980). Another finding was that an increase in resource exports as a share of the total export negatively affected the economic performance of a country (Wheeler, 1984). Richard Auty (1994) confirmed these findings and first put the tag 'resource curse' on the phenomenon. In a comprehensive study from 1995, Sachs & Warner analysed the impact of mineral resources on GDP growth for 95 countries from 1971 to 1989. Their main finding was that a high percentage of mineral resource export in GDP had a negative effect on economic growth. This finding remained significant even after controlling for variables that were claimed to explain growth rates. These variables included investment rates, effectiveness of bureaucracy, trade policy and initial GDP (Sachs & Warner, 1995). In a later research from 2001, Sachs & Warner elaborated on their explanation for the resource curse. They argued that the discovery of natural resources produce a wealth shock which leads to an increase in demand, and therefore in prices, for non-traded goods such as electricity, water and real estate. The manufacturing sectors use these non-traded goods to produce their products, resulting in a higher production price. This in turn makes the manufacturing sector less competitive on the global market, leading to a weak export-led growth in resource abundant countries. For this argument and others that will follow regarding the manufacturing sector, it is important to note that the manufacturing sector is seen as a state's engine for growth. It creates high levels of productivity growth, economies of scale and personal development (Kaldor, 1957).

The Dutch Disease

The Dutch Disease is another theory that explains the negative effects of resource abundance on the economy. The disease was first observed after the Netherlands found exceptionally large gas fields in the province of Groningen in 1959. The discovery of this natural resource had two negative effects. The first effect describes the shift of production capacities from the manufacturing and agricultural sector to the primary sector. The newly discovered resource wealth attracted capital and human investments. Draining the production sectors from these investments and leading to a stagnation in the rest of the economy. The second effect describes the rise of the exchange rate due to the increased demand in the national currency to buy the newly found resources. This makes other products that are produced for export relatively more expensive for foreign actors to buy, decreasing the international competitiveness of the economy (Corden, 1984). These effects clearly indicate that the economy as a whole can suffer from the presence of natural resources. However, later research demonstrate that these effects were of lesser influence for developing countries. The Dutch disease assumes that there will be a shift of capital and labour investment from the manufacturing and agricultural sector to the resource sector. However, developing countries often have a labour surplus which can cope with this shift. Furthermore, natural resources in developing countries often attract foreign capital (Wai, 1988).

Economic diversification

The lack of economic diversification is another negative effect caused by resource abundance. Due to the abundance, states rely more on primary commodity exports. In a state with unrestricted institutions this inhibits the development of a labour-intensive competitive industrial economy because the leading elite can already enrich themselves from the resources. unrestricted institutions are institutions that are not restricted by its citizens which permits rulers to act in their own interest instead of the communities interest. Due to the lack of incentive for development, the labour surplus remains high reducing incentive to develop human capital and weakening the ability to invest. This is also known as the staple trap model (Auty, 2001). Besides the ability to invest, the resource curse also reduces the urge to invest. Due to the expected resource income, governments find no necessity to invest in other sectors. This lack of investment will, in the long-run, result in a low labour productivity which will eventually decrease economic output (Papyrakis & Gerlagh, 2004). This link between negative economic effects and bad governance will be discussed in more detail in the sub-chapter 'The political dimension of the resource curse'.

An effect that often comes with a lack of diversification is the high vulnerability for price volatility. When the percentage of primary commodity exports in the total GDP of a country increases, the country becomes more vulnerable for price volatility. When a country is highly reliant on resource revenue it will not be able to soften negative price shocks in the commodity markets (Guillaumont & Combes, 2000). Increased diversification could reduce this effect.

After discussing the studies that try to explain a direct link between natural resources and negative economic performances, an alternative set of studies has argued the importance of an indirect effect. These studies argue that it cannot be concluded that the discovery of natural resources is sufficient, nor necessary for bad economic performances. To explain this gap in knowledge, researchers started to look at institutions of a country who manage the resources. This leads to the second main perspective of the resource curse.

The political dimension of the resource curse

The political perspective of the resource curse looks at the relationship between resources and institutional dimensions such as corruption, accountability and public investments. This chapter identifies the negative indirect relationship that institutions have with economic performances and human development indicators. Furthermore it is explained how institutional mechanisms can fail to mediate or restrict the negative effects of the resource curse.

The mediating effect of institutions

In general it has been established that the discovery of point resources - resources that are highly concentrated in a particular area – coffee and cacao, have a negative effect on the institutional quality of a country (Isham, Woolcock, Pritchett & Busby, 2005). Among others, it has a negative effect on corruption, political stability, property rights and rule-based governance. These weakening effects on institutions result in the abatement of economic performances. The study still aims at explaining the economic side effects of natural resources but they place the emphasis on institutions. The resource abundance creates corruption, political instability, lack of property rights and governance which is not rule-based and therefore the economic performances are weak. This indicates that the resource curse is not solely an economic or political dimension, the two dimensions are interlinked.

A more specific relationship is the suggestion that resource abundance obstructs the institutional development by increasing corruption and rent-seeking within a government. When a state has low political transparency and stability, the government apparatus is prone to corruption because the probability of being caught is low. Leite and Weidmann (2002) discovered this relation. In a country with weak domestic institutions, the discovery of capital-intensive natural resources has a negative effect on the economic performance via the corruption of institutions.

Bulte, Damania and Deacon (2005) studied the relationship between natural abundance and human welfare indicators. The hypothesis is that a higher income per worker and institutional quality positively influences the human development indicators. However, natural resources negatively affect the income per worker and institutional quality which leads to lower human development indicators. Natural resources therefore have an *indirect* negative effect on human development. The human development indicators examined are: percentage of population that is malnourished, the Human

Development Index (HDI), life expectancy at birth, and the percentage of people without access to safe water sources. It has been established that point resources do have negative effects on social institutions – rule of law and government effectiveness in a country. This could be caused by the fact that point resources can easily be controlled by small groups. This could lead to increased social inequality and clientelism in which only citizens involved in resource exploitation benefit. When the effect of natural resources on the human development indicators were tested while controlling for the institutional quality there was no significant association. This confirms that institutional quality is a channel through which natural resources have an impact on human development indicators. GDP per capita works slightly different. An increase in GDP per capita caused by exploiting point resources initially has a positive effect on the development indicators. However, the effect on development indicators became negative when the share of point resources in the GDP increases. If an increase in GDP is not related to point resources, then GDP also has a positive effect on the development indicators. While interpreting these results, it can be concluded that improvement in the human development indicators should start by improving the institutional quality of a country. The results show that resource abundance on its own does not cause lower human development indicators. The quality of the institutions, and percentage of GDP growth caused by the exploitation of point resources are determinants of the human development indicators. This conclusion again shows how the resource curse manifests itself in alternative dimensions be they economic, political or social.

Direct effects of resources on institutions

In line with these findings, David Wiens (2014), makes a distinction between restrictive domestic institutions and unrestrictive domestic institutions. Restrictive domestic institutions are institutions that are restricted in their executive powers by the citizens. In unrestrictive domestic institutions there is no control by the citizens of the institutions and rulers have a wide latitude to create their own policy. The unrestrictive domestic institutions permit rulers to make decisions on the allocation of resource revenues which are not in the long term interest of the citizens but in the interest of the rulers. To avoid this situation, Wiens argues that a country needs to entrench restrictive domestic institutions before the rulers become fiscally reliant on the resource revenue.

Accountability

There are multiple mechanisms that address the relationship between natural resources and weak institutions. One mechanism that provides an explanation of that relationship is given by Ross (2001). He argued that an abundance of resources reduces the accountability of government vis-à-vis its citizens. Ross points to three causes for a lack of accountability. Firstly, there is the effect of taxation. This effect suggests that governments receive a sufficient amount of resource revenue which makes (high) taxation of citizens unnecessary. This leads to a lesser demand for accountability from the citizens vis-à-vis the government. Secondly, the spending effect reduces accountability. This effect suggests that due to the resource revenue, governments have enough money to limit dissent. States use the resource revenue to set up spending programmes that decrease citizens demand for accountability (patronage, buying of critics, population benefits). The final factor that reduces accountability is the group formation effect. This effect suggest that resource-rich states use force to prevent the formation of social groups – such as non-governmental organisations, political parties, (political) movements – who aim to increase the accountability of the government.

Corruption and rent-seeking

Another development that shines light on the relationship between resources and weak institutions is the role of corruption and rent-seeking. Corruption results in inefficient allocation of public money because rents determine the decisions that are made instead of the quality or profitability of that decision. Furthermore corruption flourishes in a non-transparent country and therefore reduces the incentive to inhibited create transparency, a strong rule of law and property rights. By doing so, political elites are less bound by checks and balances which helps fight corruption. As a result, the government becomes inefficient and development is inhibited (Gilberthorpe & Papyrakis, 2015). This inefficient government enhances the possibility for elites to self-enrich, leading to a vicious circle in which elites are encouraged to maintain these unrestricted institutions and in this way reinforcing the resource curse. This delay of development also prevents the creation of a large middle class who can demand more government accountability. This allows the elite to uphold their rent-seeking behaviour.

Public investment

A lack of investment in the public sector is another mechanism encouraged by resource abundance. Natural capital blinds the government and reduces the urge to invest in other sectors than primary commodities. The state becomes too reliant on the resources. Government officials underestimate the importance of economic diversification and therefore underinvest in public goods such as education and health. This leads to lower human capital and reduces economic growth (Gylfason, 2001).

Military control

A final effect on institutions that comes with the discovery of resources is the weakening of military control. If easily mined minerals are discovered in a rural area far from the capital city, it becomes difficult for the government to get control of the territory. As will be shown later on in this chapter, the characteristics and location of the resources can also influence the way a possible rebellion will pan out.

Interim conclusion

While analysing the literature about the resource curse it can be concluded that there are two main ways of analysing, economically and politically, which are highly interlinked. In general it is argued that abundant resources can have negative (economic) effects such as high price volatility, underinvestment in parts of the economy outside the resource sector, low economic competitiveness and bad human development. The political literature shows that governmental actions and institutions play a role in reinforcing these negative effects due to corruption, low accountability, a lack of transparency, low public investments and weakening military control. It is important to state that with this multitude of relationships determining the resource curse, the context of a particular case is essential to take into account. This will determine which relationships will be of influence and which less so. After finding multiple links between the economic and political dimension, it can be concluded that the resource curse can best be described as a political economy phenomenon. In the following part of this chapter I will address a subfield of the resource curse literature that focuses on conflict. The subfield of conflict is linked with both the economic as the political dimension. Conflict can be fuelled by a corrupted state and lack of accountability but also by low income opportunities and the economic value of the resources.

The resource curse and conflict

Another body of literature focuses specifically on conflict and how it can be related to the presence of resources. It touches upon the motives that can cause rebellion, and the opportunity and feasibility of a rebellion. Furthermore I will address the effects that resources and its characteristics have on the onset and duration of conflict.

Grievance

The study of Reno (2006) laid bare that in Sierra Leone, a political network created a situation in which government officials were highly involved in the violent trade of natural resources. this evidence suggests that government is contributing to illegal practices in the mining. Furthermore, poor governance creates a mismatch between the output of the government and the demands of the people. Stimulating a feel of grievance under the population which can also become a reason for conflict. However, there are also studies who object to this conclusion. They find a counter-correlation that shows that an increase in resource rents in less democratic countries reduces the likelihood of conflict. This correlation is explained by the argument that the officials in these countries can more easily redistribute the revenue to quell the population (Arezki, & Gylfason, 2013).

Opportunities for conflict

Another way of argumentation regarding the resource curse and conflict is focused on the notion of greed. It argues that wars are fought because (rebel) groups are aspiring to control the lootable resources for financial reasons. Paul Collier developed this approach in 1999. In his article '*Doing well out of war*' he states "*conflicts are far more likely to be caused by economic opportunities than by grievance*" (Collier, 1999. p 1). Up until then, the grievance argument as discussed above was a commonly used explanation for civil war. In his analysis, Collier uses proxies that are meant to capture greed to measure if greed leads to conflict. He found that when the attended school years are low, the proportion of young men is high and the share of primary commodities in the GDP is high as well (all proxies for greed), the likelihood of conflict is increases. Collier argued that low attended school years proxy low income-earning opportunities, high amount of young men proxy the potential of rebel and primary commodities proxy economic opportunity. However in 2004 he restates the notion of greed into the *opportunity* hypothesis. This hypothesis suggests that not the motives but the circumstances that create opportunity and viability can explain rebellion (Collier, 2004). With this new approach, Collier is nuancing his greed argument. In this research he includes the following variables; financial support from diaspora, subventions from foreign government, share of primary commodity export, income per capita, school enrolment, economic growth, ethnic and religious diversification within the army, rough terrain and a weak military capacity that all proxy the increased opportunities for rebellion. The outcome confirms the hypothesis that the opportunity for rebellion effects the likelihood of conflict. In Collier's research in 2009 it is argued that circumstances that make rebellion financially and militarily *feasible* can help determine the likelihood for conflict. This 'feasibility hypothesis' is tested by analysing variables that proxy financial and military feasibility – the French security umbrella, percentage of young men, the rough terrain, the population size and the primary commodity export. Collier argued that these proxies increase the power to predict the likelihood of rebellion. One of the constant findings in these studies is that the share of primary commodity in the GDP (an economic indicator) is always significantly correlated with the likelihood of rebellion.

James Fearon & David Laitin (2003) are emphasising the role of government in conflict and argue that a financially, organizationally and politically weak state makes insurgency more *feasible*. The main variables that make them come to this conclusion are; the rough terrain, a large population and poverty. The rough terrain and large population make it easier militarily for insurgency. Poverty, proxied by a low per capita income is argued to measure the state's overall financial, administrative, police and military strength. With a low per capita income a state has low capabilities on these points, therefore the government will be less able to effectively stop insurgencies.

Fearon & Laitin, just as Collier, argue in favour of the feasibility of rebellion. However, Collier argues that the aforementioned variables lead directly to an increase in feasibility of rebellion. Fearon & Laitin emphasise that the variables proxy the weakening of the state and therefore create feasibility. The absence or weak presence of a state apparatus provides insurgency opportunities.

However, over the years there has been fundamental critique on the research approach used by Collier and Fearon & Laitin which relies too much on methodological individualism, a view that explains social phenomena as purely a result of individual behaviour. This view sees individuals as actors who solely look at the profitability of conflict. With this methodological individualism, the research is less able to address social, historical and cultural perspectives. The use of proxies is the main cause of this default. For economic theories to come with an empirical analysis there has to be a link that leads particular data to a particular phenomenon. To do so, Collier and Fearon & Laitin use proxies. However, a proxy does not always measure what it should measure. This becomes already apparent if we see that the same variables are used to explain alternative theories. Does a low level of education measures bad income-earning opportunities or does it measure frustration with the current educational system in the country? The second problem with proxies is that there are significant empirical weaknesses to the data that is used. Especially in sub-Saharan Africa, data about education attainment, ethno-linguistic fragmentation and primary commodities are prone to errors. The quantitative models that are used do not capture the essence of the conflict.

The duration of war

In contrast to Collier, Michael Ross is conducting a case study on 13 civil wars that are influenced by natural resource wealth to measure the effect of natural resources on rebel groups in civil wars. He finds that natural resources do have an effect on the duration of civil war but less so on the onset of it (Ross, 2004). With this conclusion Ross has refuted the greed argument because for the greed argument to be valid, Ross argued that nascent rebel groups should use the exploitation of primary commodities to fund the start-up costs of the rebellion. Ross also found two examples in which the extraction of resources by national government caused feelings of unfairness and exploitation by a minority group which resulted in separatist civil wars. Another mechanism he found was the sales of 'booty futures' – the right to exploit a mine in the future – by a rebel group to a commercial organisation. This creates a spiral of violence in which rebel groups which need more funds for their endeavour can sell potential revenue but, to meet their agreement, have to conquer a particular territory first. The selling of booty futures has influence on the duration of the conflict. If it is sold by the weaker party then conflict will last longer, if it is sold by the stronger party conflict tend to be shorter.

The most influence natural resources can play is on the duration of civil war. In ten out of the thirteen cases, looting played a role in the duration of the civil war. In two cases resource wealth gave financial incentives to prolong the fighting. However, in three other cases it gave incentive to sign a settlement. Nine of the ten cases where looting played a role, it involved primary commodities that can be easily extracted by unskilled workers – gemstones, timber and drugs. This means that easily extractable commodities are of high strategic value for belligerents during conflicts.

Geographical location

Le Billon (2001) has elaborated on the importance of the characteristics of natural resources. He argued that the geographical location and concentration of resources has influence on the kind of. The location of resources can be either proximate or distant to the centre of control. The further away from the centre the more difficult it is for the government to control the area. The concentration of resources can be diffuse or point. The former is widely spread across the area and the latter is more concentrated, for example mines. The combination of these two characteristics of resources can influence the type of conflict (table 1). Characteristics of resources influence the type of conflict that will occur.

Table 1: Relationship between geographic location and conflict

	Point	Diffuse
Proximate	State control/ coup d'etat	Rebellion/rioting
Distant	Secession	Warlordism

Source: (Le billion, 2001)

Conclusion

In this theoretical framework the two main perspectives, economic and political, of the resource curse are discussed. In the 60s of the previous century, economists were the first to address the impact of the natural resources on economic development of resource-rich countries. It was first thought that it was a blessing, however it soon turned out that resources could function as a curse. Resource abundance led to bad economic performance due to a variety of reasons. For instance, according to Dutch disease scholars, it leads to underinvestment in the rest of the economy and increases currency rates. Both are decreasing the competitiveness of the export market of a state. A lack of diversification and price volatility of the resources are other negative effects of a resource abundance. However, the discovery of natural resources alone do not lead to negative economic effect. To get a complete picture of the resource curse phenomenon we need to include a political perspective as well. This perspective especially sheds light on the functioning of institutions. The studies show that there is an indirect effect in which resources negatively affect economic performance *via* institutions. One explanation of this finding is bad governance – the failing of government institutions to meet the basic needs of the public. This bad governance is seen in the corruption and rent-seeking behaviour of the state. Fuelled by a lack of transparency, the government is not capable or willing to manage the resources properly. The lack of accountability of the state due to the presence of resources is another mechanism that leads to negative effects for society. This creates a situation in which the institutions do not feel the need to represent the will of the people. At the same time these poor unrestricted institutions provide the possibility for self-enrichment by the elite. Reducing the incentive by the elite do bring change to the system with both social as well as economic negative consequences as result. The theoretical framework indicates that the economic and political effects of the resource curse are highly interlinked.

Besides these two perspectives there is also the subfield in the literature that focuses on conflict. This is of particular interest in this study because the schemes that will be addressed in this research are aiming to provide conflict-free minerals. This literature review has demonstrated that there are multiple contradicting explanations of the relation between resources and conflict. A main perspective is given by Collier, who argues out of a rational choice perspective – a perspective that understands society as a cumulation of individual actions and choices based on individual preferences – that conflict becomes more likely when a rebellion is militarily and financially feasible. The benefits of this approach is that it results in hard figures that can easily be transformed into policy. However the assumption that everybody is a rational actor looking for profit-maximisation is highly criticised. Another perspective does not aim at the individual but argues that weak state capacities lead to a higher feasibility for rebellion. However, Both the study of Collier (2009) and Fearon & Laitin (2003) emphasise the important role of income per capita which is argued to both represent the opportunity costs to join rebellion (Collier) as well as the financial power of the state via taxation (Fearon & Laitin). Ross suggested that the presence of resources especially has impact on the duration of conflict. The resources are often used to finance the insurgency. It also happens that access to resources is sold before conquering the area. Le Billon looks more specifically at the geographical aspects of the resources. He argued that the distinctive characteristics of resources determine the type of conflict that will erupt. The fact that the characteristics of resources matter is also confirmed in other studies. In these studies it is argued that mainly point resources are contribution to the resource curse (Isham, Woolcock & Pritchett, 2005; Bulte, Damania & Deacon 2005) .

The complete body of literature regarding the resource curse is more extensive than this theoretical framework is addressing. However, with regard to this research, the most relevant perspectives of the resource curse have been discussed. This creates a comprehensive overview of the resource curse literature that is of interest for this research. The literature findings suggest multiple relationships for track & trace schemes to take into account. The theoretical framework will be used to see if the track & trace schemes are addressing the effects of the resource curse. The next chapter will address the applied methods in this thesis.

Methods

Comparative case study

The major objective of this research is to look at the effectiveness of the Kimberley Process, The International Tin Supply Chain Initiative (iTSCi) and the Just Gold project in reducing the negative effects of the resource curse. These three cases have been researched by conducting a comparative case study analysis. Most researchers have used a case study to analyse the effects of track & trace schemes (Bashwira, Cuvelier, Hilhorst & van der Haar, 2014; Diemel & Hilhorst, 2018; Diemel & Cuvelier, 2015; Wexler, 2009). The use of case study research in this particular field is common because it allows for studying the case(s) in-depth. In the complex environment of conflict minerals in which multiple interlinked aspects are causing a resource curse (see theoretical framework for further explanation), it is key to be able to look at the situation in great levels of detail. The knowledge that is gathered in this way is context-dependent. This does have to limit the results of the research. Context-specific knowledge is key in the field of the resource curse, exactly because of the complex environment (Flyvbjerg, 2006). This approach allows to create relevant and useful recommendations specifically for the organisations that try to ban conflict minerals. It is important to create a clear logic in the research method so other researchers are able to replicate the results (King, Keohane & Verba, 1994).

A comparative analysis is used to discover empirical differences and resemblances between variables or cases. A comparative analysis needs to have one characteristic that is constant in all cases so it is possible to compare the differences and resemblances between the cases under this constant characteristic (Lijphart, 1971). In this research, the constant characteristic is the aim of the three cases to reduce the negative effects of an abundance of resources. The dissimilarity is that all cases have an alternative approach to tackle this effect. This comparative approach enables to analyse how and why one scheme is more effective than the other. In this way, a comparative case study provided the opportunity to make descriptive inferences about the effect of the alternative approaches of the three schemes.

Case selection

In this research, Non-random sampling has been used select the cases that are researched. To create a research that addresses the aspects that are of value for this inquiry, it was important to pick the right cases.

The Kimberley Process is seen as the founding father of the mineral certification schemes. It was the first large-scale international programme (2003) that aimed at tackling the trade of conflict minerals – in this case diamonds. The scheme includes civil society, the diamond industry and states that aim to reduce the presence of conflict diamonds in the sector. The scheme is organised from the international level and currently, 81 countries plus the EU as a whole are member of the scheme. The rules are set out by the member states, compliance is the responsibility of the state itself.

iTSCi is the largest implemented initiative in the mineral sector that is focused on the creation of a transparent sustainable supply chain. The programme originated in 2008, is an initiative from the International Tin Association. It focuses on the traceability of the 3T's to ensure that the minerals are conflict-free and that there is no human right abuse in the supply chain. The scheme currently focuses on Burundi, Democratic Republic of Congo, Rwanda and Uganda. The project works with all stakeholders in the sector to create a transparent production chain in which the end-user is able to trace the mineral back to the mine it is originated from. iTSCi is conforming their practices to the OECD Due Diligence Guidance. The guidance helps organisations to work in the mineral sector while avoiding the contribution to conflict and insecurity (OECD, 2016a).

The third case is the Just Gold project from IMPACT, launched in 2015. In 2017, Just Gold became the first project that facilitated the sales of a conflict-free, fully traceable piece of gold. It is a relatively new project that has successfully finished its pilot in the DRC and IMPACT is now busy to strengthen the project. It is very active in participating with the miners on the ground, helping them with tools and techniques. Just as iTSCi, Just Gold applies the standards of the OECD Due Diligence Guidance. It allignes itself to the certification standards of the International Conference of the Great Lakes Region (ICGLR).

As shown, the three schemes are very different from each other. The Kimberley Process is an internationally driven scheme with 81 participating states plus the EU who leave the control to the member states itself. iTSCi is a full grown scheme that has more 'boots on the ground' – which means that the organisation is actively engaged with the miners in the mine sites – and is focused on four countries. The Just Gold Project is relatively new and small-scale, also has 'boots on the ground' but provides more technical assistance. By comparing these three schemes, it was able to assess these differences. The three schemes all try to tackle the negative effects of the abundance of resources but all do it in their own way. In the fight against the resource curse, it can be very useful to see which approach is the most effective in tackling a particular negative effect. The cases I have chosen in this research are well suited to provide answers in this regard.

Data collection

After gathering general information about the goals and functioning of the schemes, the literature regarding the resource curse was analysed. The resource curse phenomenon explains why an abundance of resources can produce the negative effects that the schemes are trying to reduce. The theoretical framework is important for the research because it explains what the resource curse is and which part of the resource curse is relevant for this research. The theoretical framework shows the scope of the research by discussing the two main dimensions of the resource curse – economic and political – and by addressing the dimension of conflict in relation to abundant resources. As has been pointed out in the theoretical framework, the economic, political and conflict dimension are heavily interlinked. There are also other parts of the resource curse literature such as the effect of abundant resources in relation to democracy, however, this is not an aspect that the schemes are focused on. Therefore it was not included in the theoretical framework.

After finishing the theoretical framework, studies about the effects of the schemes were analysis. There are multiple institutions and individual scholars who reviewed the effects of the schemes. The Humanitarian Aid and Reconstruction has done a big project – Down to earth – on the effects of iTSCi in the DRC. For this project, 5 researchers have been active in the DRC between 2013 and 2015. Data was collected via participant observation and open-ended interviews with multiple actors in the region such as groups of mineworkers, mineral buying houses and institutions on the local and national level (Hilhorst, Cuvelier, Bashwira, Diemel, Wakenge, 2016). Other organisations such as the OECD, IPIS, PACT and the UN Group of Experts have also frequently reported about iTSCi. Scholars such as Lesley Wexler and Audrie Howard have done studies about the design, successes and failures of the Kimberley Process. Furthermore, there are institutions related to the Kimberley Process like the DDI, IMPACT (previously Partnership Africa Canada) and the World Diamond Council – representing the diamond industry – who researched the Kimberley Process. Just Gold in this regard is underrepresented because the project is still new and therefore research is largely absent. By using secondary data of multiple organisations and scholars in combination with interviews, I have tried to minimise this limitation.

Interviews

In this research, I have made use of semi-structured interviews with open-ended questions. A semi-structured interview gives the interviewee the opportunity to give open answers while providing the interviewer with a structured interview setting. This increases the depth and details of the research. However, there is still a structure in the questions so it remains possible for the researcher to compare different interviews with each other. This is interviewing technique brings the experts in a position in which they can elaborate extensively on questions on which they possess knowledge that is of high value for the research (Leech, 2002). It creates the situation in which the interviewee can focus on the complexity of the case. Semi-structured interviews strengthen the internal validity of the research. In a direct conversation, the interviewer is able to ensure that the questions are correctly interpreted. The answers to the questions are therefore clear-cut and not ambiguous.

There is often concern about the reliability of interview data. Therefore methodological triangulation is used. Besides the interviews, I have also made use of the abovementioned secondary data. With this triangulation, I was able to verify the gathered information from the interviews with the secondary data. This increased the reliability of the interview data and helped me to be critical during the interviews.

For my interviews, I chose to contact experts who are actively engaged in the schemes. I made this choice because these experts could give valuable insights to the problems and achievements of the programme. Furthermore, they know how the implementation of the schemes have turned out and what have been the effects of the schemes on governance, economic aspects and conflict. I have also considered interviewing experts who are not directly related to the programmes. However, due to the many reports and articles that are published about the functioning of the schemes the added value was negligible. Especially because a scarcity of time and the difficulty to make interview appointments did not give me the possibility to conduct more interviews than I have done. Less research has been carried out on Just Gold due to the newness of the project. However, there are studies about the gold sector in general. With these reports, I could create an understanding of the potential problems that Just Gold can run into. This helped me by conducting the interview with the expert of Just Gold.

For iTSCi I have interviewed Mickaël Daudin. Mr. Daudin is PACT's Program Manager of iTSCi. PACT is a non-profit organisation in international development that works on the ground. It is doing the implementation of iTSCi by supporting stakeholders in de sector, improving processes and improving due diligence.

For the Just Gold project, I spoke to Zuzia Danielski. Mrs. Danielski is the communication director at IMPACT, the organisation behind the Just Gold project. She holds a master's degree in conflict, security and development. For the Kimberley Process I have also interviewed Mrs. Danielski. As communication director she is responsible for the communication to external parties. IMPACT, previously Partnership Africa Canada, has been one of the founding fathers in the creation of the Kimberley Process but is currently not part of the Kimberley Process any more. It was tried to interview a NGO that is part of the Kimberley Process but this organisation was unfortunately not able to cooperate.

The interviews are all recorded and transcribed to increase the transparency of the research. It helps readers to understand where the conclusions are based on. Furthermore, together with this methods chapter, it increases the replicability of the research. The transcription of the interviews can be found in appendix I, II and III.

Results

This chapter presents the findings of the research. It both includes the data gathered from reading reports and studies about the three cases as well as the information that is collected during the interviews. The chapter will provide answers to all three sub-questions for the three cases. For the Kimberley Process it will be discussed that its effectiveness is limited due to a small mandate and a lack of focus on improving local governance. The iTSCi scheme turned out to be more effective. It addresses the addresses governance aspects as discussed in the theoretical framework however it still faces multiple challenges of which it is unclear if the programme can overcome them. The Just Gold Project turned out to be more focused on the humanitarian side of the artisanal mining sector while their effect on conflict is minimal.

The Kimberley Process

The Kimberley Process (KP) is an initiative created in the city of Kimberley in South-Africa in 2000 by diamond producing South African countries. It was there that the countries agreed to create a conflict-free rough diamond trade system, excluding cut and polished diamonds. With the resolution of the UN Security Council in 2003, the Kimberley Process Certification Scheme was born. It currently has 81 countries plus the EU as a whole participating in the process.

Countries can join the Kimberley Process voluntarily. However, to join, a country has to meet three requirements stated by the Process. First, the country must create legislation that requires any shipment that goes in or out of the country to be certified under the Kimberley Process. It also has to create legislation that prohibits rough diamond trade with non-Kimberley Process countries. Secondly, a nation that wants to participate has to formally commit itself to the goals of the Kimberley Process. Finally, participants have to meet annually to monitor the Process. The member states are responsible to put national legislation into place that secures the Kimberley Process regulations. States are also the only voting members in the Process. The decision-making process works on a 100% consensus model. Unanimity is necessary to change the rules of the Process (Wexler, 2009).

Every shipment of rough diamonds that crosses an international border needs to be in a tamper-free container with a uniquely numbered Kimberley Process certificate that is validated by the government. When the shipment arrives in another participating country the customs have to check the shipment with the certificate. Every year the Kimberley Process has a new chair and vice-chair in the form of a state that monitors the working of the process (Kimberley Process, 2019).

Economic dimension

The Kimberley Process is credited for a large increase in legal diamond trade on the world market. Estimations of illicitly traded diamonds prior to the Kimberley Process range from 4 to 25% of the world market (Haufler, 2009). Process now is arguing that less than 1% of the diamond trade is illicit (Kimberley Process, 2019). However, these estimations can be questioned because it is hard to estimate illicit trade due to a lack of data (Haufler, 2009). The increase of legal export figures is easier to measure and has seen a significant increase since the implementation of the Kimberley Process. Diamond export of African diamond producing countries have skyrocketed (Table 2). In the table, only Liberia has seen a decrease of export after the Kimberley Process. All other countries have seen strong increases in their export. For instance, Sierra Leone who officially exported $14 million in 2000 before the Kimberley Process and $142 million in 2005 after implementation of the Process, an increase of 905%.

These increases can partly be accounted to the end of civil war within countries such Sierra Leone and Angola which led to higher productivity. However, this does not hold for all cases. The increase in legal diamond export therefore can be partly be interpreted as success for the Kimberley Process. This positive impact on legalisation has also led to an increase in tax revenue. In their current form, the Kimberley Process is not supporting or strengthening the countries with properly investing this tax revenue, as will be discussed in the following sub-chapter. It therefore is questionable if the increase in tax revenue in states with a weak government is invested in the creation of a responsible and sustainable mining sector. As is mentioned in the theoretical framework, these tax revenues are prone to be used for self-enrichment and rent-seeking behaviour. The Process has increased legal export but without strengthening the state apparatus to invest the tax revenue responsibly. This reduces the overall effect of the Kimberley Process on the economic dimension.

Table 2: Value of rough diamond export in 2000 and 2005

	2000	2005	difference	percentage
Angola	$633,265,000	$1,089,170,000	$455,905,000	72%
DRC	$728,975,000	$895,457,000	$166,482,000	23%
Liberia	$101,861,000	$2,657,000	-$99,204,000	-97%
Sierra Leone	$14,114,000	$141,833,000	$127,719,000	905%
South Africa	$1,390,456,000	$2,148,294,000	$757,838,000	54%
Zimbabwe	$1,976,000	$39,428,000	$37,452,000	189%

Source: U.S. General Accounting Office, 2002; The Kimberley Process, 2005, 2007) [1]

Political dimension

Monitoring

One of the common critiques on the Kimberley Process is the way of monitoring. Above, it is mentioned that the implementation of the guidelines of the scheme is an obligation for the member states itself. Member states need to install an internal control system that controls the rough diamond trade. However, especially the states who are most affected by conflict diamonds have a state apparatus that is weak or entirely absent (Smillie, 2011). A well-functioning monitoring system can help to observe and solve these problems, making the diamond chain more trustworthy. However, the only controlling mechanism that was included in the founding document of the Kimberley Process was that a member state could notify the chair about a violation. The issue would then be addressed in dialogue and all participants

[1] In the case of Liberia the rough diamond export figure from 2007 is used.

should make every attempt to keep this confidential (Smillie, 2012). The Kimberley process now has three kinds of information mechanisms to monitor the process. First, individual participants have to self-report about their own relevant laws and regulations for the system. This will support the sharing of experiences and helps self-assessments. Second, there is a peer-review mission of individual states by a team that is comprised of other states' participants, civil society and corporations from the industry, this is the tripartite structure. The review missions are only executed with the consent of the participating member (Kimberley Process, 2019).After every review, recommendations are made but often with little or no follow-up as result (Z, Danielski, interview, June 12, 2019). Furthermore, the findings of a peer-review are kept confidential. The peer-review mission is the only mechanism that evaluates if and how member states are aligning their internal control to the Kimberley Process standards. The final monitoring system is the yearly review in which the complete scheme is being evaluated (Wexler, 2009).

Wexler also mentions that the abilities of the Kimberley Process to sanction non-compliant members are limited to the options of suspension or expulsion. These sanctions can only be executed with a 100% consensus of the member states. This has led to situations such as the cases of Zimbabwe and Cameroon, in which states who clearly do not comply with the Kimberley Process are not dealt with constructively. Multiple NGO's such as Global Witness and PAC, that were part of the scheme, have publicly criticised the inability and/or unwillingness of the Process to act in these situations (Global Witness, 2010; PAC, 2016). Finally, these two civil society organisations left the Process due to its inability to function properly.

Governance

As has been mentioned, the Kimberley Process depends on the domestic control of the diamond trade. Therefore, good governance in member states is of key importance. In a report by Global Witness (2005), it is argued that the regulation of artisanal diamond mines is lacking. Multiple states have weak control over these mines which poses a threat to the Kimberley Process. Governments are not able to gather correct production date from the mines, not all miners and dealers are licensed and there is not enough control over the transactions between traders.

PAC has done research into the diamond smuggle between Cameroon (a member of the Process) and the Central African Republic that was under international embargo during that research. The embargo was partly lifted in 2016 for 'compliant zones' but did not prevent the illegal smuggle of conflict diamonds. According to PAC (2016) Cameroon lacked the capacity to enforce the Kimberley Process standards. Cameroonian officials were involved in corruption, the law enforcement was weak and the government was not strong enough to seriously address de illicit trade between CAR and Cameroon. The report identifies the limitations of the Kimberley Process. A weak state such as Cameroon needs support to be able to meet the standards set by the Kimberley Process. Without, Cameroon becomes a transit hub in the Process. Diamonds are illegally smuggled from CAR into Cameroon and from Cameroon it is transported to other states such as Côte d'Ivoire and the DRC which have sizable lower taxes on the export of diamonds. In this way, conflict diamonds from CAR are sold as Kimberley certified diamonds from the DRC and Côte d'Ivoire. As became clear in the theoretical framework, the governance in a state is a key aspect to mediate the negative effects of an abundance of resources. The Kimberley Process itself states that it provides advice and support to member states via working groups (Kimberley Process, 2019). However, real support to improve governance in the region is lacking (PAC, 2016). The civil society organisations who are part of the Kimberley Process merely function as whistleblowers for malfunctioning of the scheme but are not actively improving their practice (Z, Danielski, interview, June 12, 2019). It is not engaged in the support of local governments to get a better grip on the diamond sector. One of the paradoxical points of the Kimberley Process is that states which need the most capacity to conform themselves to the goals of the Kimberley Process – states that are negatively affected by an abundance of resources – do have the least capacity to do so. The Kimberley Process is facing difficulty when states are unwilling and/or unable to comply with the Process's standards. This unwillingness or lack of capability is often related to a bad functioning state apparatus because of corruption, rent-seeking behaviour and/or a lack of accountability. From the theoretical framework, it became clear that these are exactly the characteristics that appear in a conflict-affected state with an abundance of resources. The problems that the Kimberley Process should tackle to reduce the resource curse, are precisely the factors that currently reduces the effectiveness of the Process itself. This creates a vicious circle in which an abundance of resources fuels conflict partly due to poor governance. To tackle resource-based conflicts, a state requires good governance which is still not present. To reduce the effects of an abundance of resources on conflict, governance has to be improved during conflict. In the chapter 'conclusion & discussion' it will be discussed if a track & trace scheme can create good governance, or that good governance is a prerequisite for a scheme to function.

Definition of 'conflict-diamond'

The Kimberley Process originally started with a narrow definition of the concept 'conflict-diamond' by defining it as 'rough diamonds that are used to finance wars against governments' (Kimberley Process, 2019). Mrs. Danielski (2019) argues that this definition was accurately addressing the problems that diamond producing countries were facing at the time that the Kimberley Process came about, with rebellions challenging the governments in Sierra Leone, Angola and Liberia as examples. However, nowadays the CAR is the only country that produces 'conflict-diamonds' under this definition (PAC, 2016 p. 2). Multiple NGO's argue that the definition fails to address current problems in the diamond sector such as corruption, human rights violations and the financing of conflicts that are not aimed against government (IPIS, 2019b, 2019c; IMPACT, 2019a, 2019b). The consensus-based model of the Kimberley Process has thwarted the change of the definition. Due to the unwillingness of some members to change the definition, the Kimberley Process is not able to address the problems that the diamond sector is facing today. With such a narrow definition, the mandate of the Kimberley Process remains limited.

Besides these practical problems, the definition also creates a normative problem. it creates a situation in which the Kimberley Process can support repressive and dictatorial governments against movements who want to us the richness of ‘their’ land to finance a rebellion that demands liberal values such as freedom of speech and democracy. The definition is not protecting the population or the diamond sector, it is protecting governments.

For the sake of corporations, the limited definition of conflict diamonds helps to maintain legitimate trade. Diamonds will be certified as ‘conflict-free’ diamonds and the corporations will be able to trade diamonds while ensuring a positive opinion of the customers. In addition, the Kimberley Process helps corporations which are active in the diamond trade sector to exclude warlords and other infiltrators. At the same moment, the Process does not act upon practices like financial fraud, slave labour and displacement of indigenous people (Wexler, 2009).

After analysing these results it can be concluded that the Kimberley Process has no structural programme in place that tries to improve the governance of the region. The responsibility lies completely with the member states. The monitoring systems that should check if the member states are fulfilling the Kimberley Process standards do not have enforcement power and are not effective. The lack of transparency in the process creates an untrustworthy certificate. The sector faces new problems that ask for responsible, sustainable and transparent mining practices. To answer to these new problems, the Kimberley Process has to reform. The decision-making process based on consensus makes this a big challenge.

Conflict

The example of Cameroon mentioned above but also of Côte d’Ivoire and Zimbabwe demonstrate that being a participant of the scheme does not mean that all diamonds are conflict-free with regard to the Process’s definition (Global Witness, 2005, 2010). Nevertheless, Haufler (2009) argued that it is commonly acknowledged that the Kimberley Process has been successful in reducing the trade in conflict diamonds as the Kimberley Process defines it. However, this definition does not fit the idea of conflict minerals in this research. The definition of iTSCi and Just Gold is broader, including the contribution to rebel groups in general, human rights violations and corruption. The Kimberley Process does not have these aspects included in their operation. This has led to multiple outcries of civil society against the Kimberley Process about the mischief in the diamond sector (IPIS, 2019b, 2019c; IMACT, 2019a, 2019b). In these publications, civil society alarms about ongoing human rights abuses, the assassination of villagers, the financing of conflict and corruption. Changes in definition and decision-making models are needed for the Kimberley Process to become effective against the negative effects that are related to the extraction of diamonds.

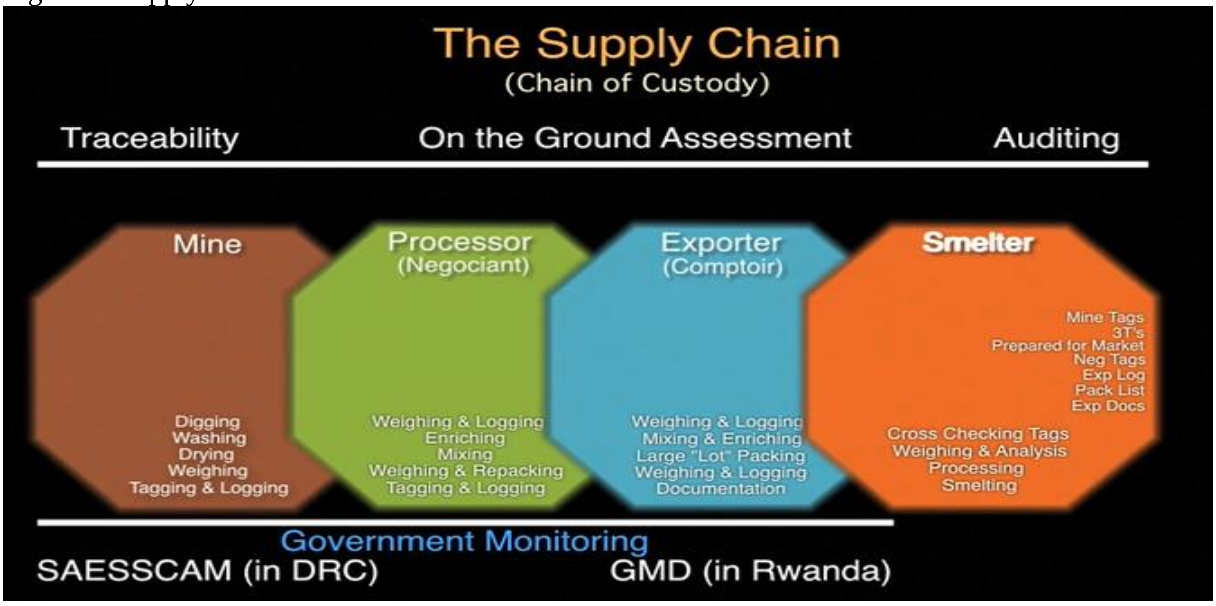
The World Diamond Council (WDC) – which represents the diamond industry in the Kimberley Process – has produced a System of Warranties (SoW) guidelines (World Diamond Council, 2018). The WDC is setting guidelines for responsible mining practices in the diamond industry. The guidelines are without strict obligations. Implementing universally accepted principles about human rights and corruption can be done on a voluntary basis (World Diamond Council, 2018. Pp 5). Furthermore, the WDC only ‘encourages’ buyers and sellers to ‘educate’ themselves on the OECD Due Diligence guidance instead of binding them to implement the OECD standards (World Diamond Council, 2018. p 5). The document indicates that responsible sourcing is on the agenda of the industry but it also becomes clear that they do not want to bind themselves to strict responsibility guidelines.

The results show that conflict diamonds, according to the definition of the Kimberley Process, has decreased as evidenced by the CAR as the only producer of conflict diamonds. Looking beyond the definition of the Kimberley Process, it becomes clear that the Process is not addressing serious mischiefs in the diamond sector. There has been an initiative from the industry with the publication of the SoW but without real obligations, this document is not likely to initiate the change towards a responsible diamond supply chain that is needed to tackle the current problems.

iTSCi

The approach of iTSCi is to map out each step in the chain to create transparency about the origin and process of the minerals tin, tantalum and tungsten. Via a system of 'bagging and tagging', shipments of minerals can be traced back to the mine of origin. The tags with the additional data that is collected in the logbook provide iTSCi with a data system that helps to improve the transparency of the chain. Figure 1 visualises the iTSCi supply chain. The programme uses a 'closed pipeline' which means that the supply chain is secured from the mine up to the customer. This whole process is monitored by the states' government. Government officials are involved in all steps of the process to check the bags and tags to make sure that the chain meets the due diligence standards aimed at creating a sustainable and responsible mining sector. PACT is involved in this process by guiding and training government officials. Furthermore PACT monitors the mine sites to see how state officials are checking the traceability and due diligence standards.

Figure 1: Supply Chain of iTSCi



Source: iTSCi.org

Economic dimension

The iTSCi programme aims at improving the local government capacity to reduce the negative effects of the mineral abundance. The reduction of negative macroeconomic effects is less of a focus of the iTSCi programme. However, due to the large scale of the programme – iTSCi covers around 90% of all 3T mines in DRC – it has some influence economically.

On the microeconomic level, the programme does have more impact. A common critique that iTSCi often hears is that the costs of the programme is passed on to the miners (M. Daudin, interview, May 31, 2019). The exporters will pass on the increase in mineral prices, which results from the iTSCi programme, to the miners. In this way, the miners are paying for the traceability and due diligence. However, Mr. Daudin argued that the miners receive a high percentage of the international market price. It was explained that miners who sell their tin ore (cassiterite) through the iTSCi programme receive around 50% of the tin price at which it is sold on the international market. The construction of the chain in which miner cooperatives can bargain about the prices makes such percentages possible. The tin price itself is influenced by the programme but is set by the market on the London Metal Exchange (LME). The other 50% is divided under the rest of all the actors in the supply chain. However, an IPIS (2019) report notes that in reality the revenue is first used to refund the investments of financiers and to pay the land owner (p. 34). Therefore, miners receive often less than 50%. Furthermore, the iTSCi programme provides miners with an international market in which their minerals are attractive because they are iTSCi certified. This is confirmed by the IPIS report which finds that iTSCi mines have on average 8% higher prices for cassiterite and 33% for coltan (IPIS, 2019a. p 43).

A critique by IPIS (2019a) and Cuvelier (2014) about the iTSCi programme is that it creates social tension within the mining community. Due to a ministerial decree of the ministry of mines in DRC, all miners in the 3TG sector are now obliged to work in cooperatives. In the current iTSCi system these cooperatives should represent the interest of the miners however they have become prone to elite domination. Even though the sector has become better organised and faces less illegal mining activity, most actors argue that their own position has not improved. The local elite who dominate the cooperatives has created monopolies from which the miners find no support and have no say in. A large number of cooperatives are established along ethnic lines so that groups can protect their own interest. This situation has led to tensions and violence at some mine sites.

The main aim of iTSCi is not focused on the negative macroeconomic effects that are addressed in the theoretical framework and therefore the programme does not has a large effect on these relationships. However, iTSCi does influence the social and economic livelihood of the people inside the mining sector. The programme creates a chain in which miners are able to source their extracted minerals in a licit manner. A good functioning scheme increases the international demand for their minerals because it carries an iTSCi certificate. However, miners do not seem to profit from the programme because cooperatives are ruled by local elite. The presence of social tension between people in the sector and vis-à-vis the government also is a critical point for the initiative. Overall, that further progress is needed for the programme to have a positive effect on the economic an social situation of the miners.

Political dimension

Monitoring

Increasing the capacity of the local government to monitor and improve the traceability and due diligence standards is one of the core focus points of the iTSCi programme. To be able to improve this capacity, iTSCi has implemented multiple mechanisms. Local authorities in cooperation with PACT are generating all sorts of information with which it monitors the activities within the sector. It gathers this information from iTSCi audits, representatives that are on the ground, from analysing the chain of custody data, through the whistleblowing hotline and via multi-stakeholder committees. The chain of custody data is using the data that is acquired via the tag & bag system. The whistleblowing hotline is a hotline that local actors can contact if they see incidents. A specific NGO then will investigate the notification. The multi-stakeholder committees meet once a month to report about the activities and progress in the sector and review the security situation (OECD, 2016b). These committees are active on the local (CLS) as well as on the provincial (CPS) level. The minor incidents will mostly be discussed in the local committees while more serious incidents will be addressed in the CPS committee. These committees include a representative of the state who is chairing the committee, mining cooperatives, exporters, state services like SEAMAPE, state security forces (mining and regular police, intelligence services and army), civil society such as church groups and finally iTSCi itself who facilitates the meetings. The most important function of these committees is to review the current situation and to collectively agree on measures that should be taken to mitigate certain problems. This mechanism tries to increase accountability in the sector by including all stakeholder in these committees. If some actions are not executed than the committee will directly discuss why. It, therefore, becomes clear who is fulfilling its task and who is not (M. Daudin, interview, May 31, 2019). With this committee, it looks as if iTSCi is addressing the accountability problem as described in the theoretical framework. With these mechanisms iTSCi is trying to create a stronger local governance which leads to local ownership and increased accountability. (PACT, 2015).

IPIS argued in their report that there is significant improvement of governance but that it is sufficient for a sustainable sector (IPIS, 2019a). Local authorities such as SAEMAPE are still facing a lack of capacity. In addition, the local authorities are failing to provide services to the miners who nevertheless are highly and sometimes illicitly taxed. This has led to distrust among miners vis-à-vis the government. The theoretical framework identifies that more focus on good governance can potentially lead to better results for the mining sector. This evidence suggests that the controlling and capacity-building mechanisms put in place by iTSCi are not enough to create accountable and trustworthy government institutions.

Taxation

Before the start of the regulation process of the artisanal mining sector, a profound amount of minerals were illicitly exported. This prevented the government from gaining tax incomes. With the help of the programme, the government seems better able to control the 3T trade which has increased tax income for the state. However, iTSCi has no real say in how the government then spends this income. Mr. Daudin (2019) tells that via the multi-stakeholder committees, iTSCi is advocating for government transparency and accountability of tax revenue allocation. An increase in transparency of tax investments would be another way to increase the accountability of the government vis-à-vis the population. Currently, state officials are still (illegally) collecting taxes. Miners complain that these taxations are illegitimate because they do not see anything in return (IPIS, 2019a). I will elaborate more on illicit taxation in the sub-chapter 'corruption'.

The iTSCi programme is increasing the tax revenues for the government. According to the analysis of Fearon & Laitin (2003), this has a positive effect on the reduction of conflict because increased tax revenues lead to a stronger state. However, in a state such as the DRC, government is weak and an increase in tax revenue does not automatically lead to a stronger state. The increased taxes could just as well be used for self-enrichment and rent-seeking behaviour. To take away that incentive it would be better to create more government transparency around the collection and spending of taxes so the accountability of the state increases. iTSCi could play an important role by training local government officials to control for illegal taxation and by educating miners on who is legally allowed to collect taxes.

Corruption

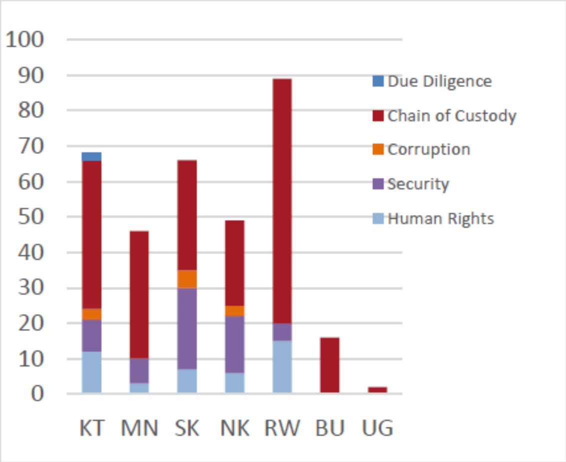
The iTSCi programme has seen problems in tackling the corruption within the mining sector. As will be discussed in the sub-chapter 'conflict', state officials are structurally active in illegal acts around the mines. Putting in place more state officials to increase transparency and reduce corruption can also have the opposite effect. PACT is at the moment overseeing the activities of state officials. However, a lack of funds put restrictions on this monitoring task. As long as there are weak systems of control in place, it remains difficult for the programme to limit corruption to the minimum. Mr. Daudin explains that iTSCi is trying to improve the controlling systems via training and incedince reporting. Not only the mechanisms itself but the creation of consciousness about lawful behaviour should reduce corruption. In the first quarter of 2019 iTSCi has reported less than 15 incidents in all mines that participate in the iTSCi program (figure 2). The report of IPIS (2019a) states that in 80% of the time that SEAMAPE officials are present at a mine, the officials collect taxes. Miners complain that these taxes are illegitimate because the miners do not see anything in return for it. In 30% of the cases, it also happens that the SEAMAPE officials do not provide a receipt (IPIS, 2019a. p 45). the UN Group of Experts (2018) also has got notifications about multiple cases in which FARDC was involved in the smuggling and illegal transportation of minerals. Besides FARDC officials, also processors – actors who buy the minerals from the miners and process it to sell it to the exporters – were caught smuggling and illegally transporting untagged minerals. The programme thus is not without flaws but the tagging of the mineral bags contributes to the effectiveness of controlling mechanisms in the region. Thanks to the tagging system, it is easy to pick out the untagged bags both for police and military as well as for research institutes such as IPIS and the UN Group of Experts. In this way, the tagging & bagging system facilitates the evaluation of the mining sector. The programme, being a multi-stakeholder initiative, also provides the possibility to act upon this potential mischief. When it becomes clear that FARDC officials are actively smuggling minerals, participating stakeholders such as exporters, international traders and downstream actors are able to address this issue to the government. The government, interested in the tax revenues that they miss due to the illegal smuggling, can place the battalion committing the mischief to another area more distant to mine sites and in this way tackle the illegal smuggling (M. Daudin, interview, May 31, 2019).

These examples demonstrate that corruption is still a commonly seen practice in the 3T mining sector. By using the controlling systems such as incident reporting, whistleblower hotlines and monthly committee meetings, iTSCi is creating an environment that can better detect and act upon bad governance and corruption. However, it is questionable if the programme can address corruption properly. With the increase in state officials and state-led mechanisms, the programme remains vulnerable to corruption. With the monitoring mechanisms, iTSCi is trying to restrict these previously unrestricted state actors by creating transparency in the entire chain. By restricting these institutions, their actions will become better in line with the long-term interests of the other stakeholders but currently, that is not enough to clear the sector of corruption. It can be questioned if a track & trace programme is the right tool to do so.

Conflict

A common critique of the iTSCi programme is that it is only engaged in mines that are already conflict-free. Creating a situation in which the mines who mostly need the programme are not included in the programme (Diemel & Cuvelier, 2015). Mr. Daudin (2019) argues that iTSCi tries to expose the mischief done to conflict-affected mines outside the programme so that other actors, such as the state, will act upon the situation. If that is done successfully, iTSCi is able to include the mine in their programme. In this way, iTSCi has been able to include up to 90 % of all mines into the programme (M. Daudin, interview, May 31, 2019). however, there are still multiple security incidents in the mines as can be seen in figure 2.

Figure 2: Risk incident monitoring first quarter
Of 2019



Source: (iTSCi, 2019)

IPIS confirms the presence of armed interference – (non) state armed forces that make (illegal) profits from the mining sector through physical presence at the mine sites or by more indirect interferences (IPIS, 2019a). IPIS investigated 711 incidents of which 265 that were part of the iTSCi programme. During the observation period (2016 until 2018) the research found 20 iTSCi mine sites in which there have been armed interferences (IPIS. 2019a, p 28). This number increased since the previous research conducted in 2015 with 0 armed interferences in 94 researched iTSCi mines. However, this increase can be explained by a less risk-averse approach of iTSCi. Normally, iTSCi verifies if a mine is completely conflict-free and then the mine can be included in the programme. Resulting in a situation in which iTSCi was disproportionately present in the more peaceful Katanga province than in the more conflict-affected provinces of North and South Kivu (Diemel & Cuvelier, 2015). This was a problematic development because precisely the people in the Kivu's needed the help of the programme. By expanding in the Kivu's and other more violent prone areas, the armed interferences in iTSCi mines increased as well. This is also shown in table 3. Mines that were checked in 2018 but were validated in 2015 did not face any armed interferences. Mines checked in 2018 and validated in 2018 have seen more armed interferences. The programme did not eradicated armed interferences, especially taking into account the fact that IPIS has researched areas in which there are more validated mines than on average. Though it can be concluded that the iTSCi programme reduces armed interferences in 3T mines.

As an effect of the diminished presence of armed groups in the mines, the 'predation at a distance' has increased. Now, the army is monthly visiting the mine sites to secretly collect contributions from the mine managers. A civilian who is not directly related to the military commander but who does manage the commanders' interests in the mines is another example of 'predation at a distance'. The increase in roadblocks by the army and non-state armed groups also is a way of 'predation at a distance'. With these roadblocks, the armed groups are levying illegal taxes (IPIS,2019. p 20).

table 3: Levels of armed actors interfering at mines that are both visited in 2015 and 2018

	2015 (Validation status 2015)	2015 (validation status 2018)
All mines (3TG and other minerals):	31% (54/173)	31% (54/173)
All 3T mines:	10% (8/80)	10% (8/80)
Non-validated Non-iTSCi 3T sites:	30% (8/27)	33% (3/9)
Green validated mines:	0% (0/39)	11% (5/46)
iTSCi sites (all 3T):	0% (0/43)	8% (5/66)

Source: (IPIS, 2019)

While reading these findings it looks as if the iTSCi programme is reducing the presence of violence in the mines. However, it is good to make some reservations. The Congolese military is still highly involved in armed interferences in combination with illicit taxation practices. The overall trend is that the use of 3T as illegal revenue source for rebel groups has decreased but the use of illegal taxation of miners is still very present. With an increase in 'predation at a distance' new forms of armed interferences have presented itself. These new ways of interferences undermine the effectiveness of the iTSCi programme to eliminate illegitimate activities.

Just Gold

Just as iTSCi, Just Gold uses the OECD Due Diligence Guidance to assure the high standards for a sustainable and conflict-free supply chain. Just Gold also uses the International Conference on the Great Lakes Region (ICGLR) Manual in which the standards of sustainable and traceable mining are stated. The ICGLR has its own Regional Certification Mechanism (RCM) to which the Just Gold project is committed. Different than the Kimberley Process and iTSCi, The Just Gold project itself is not certifying the minerals. It is supporting the supply chain to align with the ICGLR certification standards. With these standards, it wants to guarantee a chain that is conflict-free and without human rights violations (IMPACT, 2018).

Economic dimension

Like iTSCi, the focus of the Just Gold project is not on macroeconomic issues of the resource curse. It therefore seems that Just Gold is not effective on the economic dimension of the resource curse. Just Gold, however, does impact the local socioeconomic situation. The programme uses an incentive-based model that provides assistance for miners and buyers. In return, the artisanal miners who are registered in the project have to legally sell their gold through the supply chain. The idea is that this approach creates an incentive for the miners to join the project and profit from it because they will be able to mine more gold in a safer mine and sell it at fair and transparent prices (Just Gold, 2016). The technical assistance includes working equipment and training on safety, technique, land use and human rights. Just Gold has also created selling points at every mine site so miners do not have to travel with their gold and face the risk of robbery or illicit taxation (IMPACT, 2018). With these incentives, Just Gold tries to increase the willingness of and benefits for the miners to comply with the standards. With this incentive-based approach, Just Gold is creating a safer and better working environment for the people who work at the mine sites.

Mrs. Danielski (2019) argues that due to the costs that come with the project, the gold from Just Gold mines is more expensive than other gold at the world market. Even though 80% of all Congolese miners work in the gold sector, the project is still operating at a small scale with currently six mine sites involved in the project. Large buyers are therefore less interested to buy the gold. The problem is that the gold mining sector is highly affected by conflict. 64% of all gold miners in the DRC work under influence of armed violence (IPIS, 2015. p 40). Just Gold does not operate in conflict-affected areas which restricts the influence of the project.

The information shows that the Just Gold project has not been able to address macroeconomic problems that arise with an abundance of resources but Mrs. Danielski (2019) argues that it has been effective in improving the livelihood of the workers in the mines. This microeconomic effect is in sharp contrast with the Kimberley Process which has significant effect on the macro level but remains insignificant on the micro level.

By aligning to the ICGLR standards, the focus of Just Gold lies more on the reduction of human suffering than iTSCi who uses the OECD guidelines which does not include standards on equality and environmental improvements (Diemel & Hilhorst, 2018). A top priority of Just Gold is gender equality. The project has done a gender analysis of the supply chain and is providing specific training for women empowerment (IMPACT, 2018). With the incentive-based approach, Just Gold is trying to motivate and create ownership by the mining community. However, the project is only providing this support in a very limited area. Plans for expansion within the DRC have not been made. Instead, IMPACT will first strengthen the project in its current form. Furthermore, IMPACT has planned expansion to Côte d'Ivoire.

Political dimension

Monitoring

In the interview, Mrs Danielski (2019) explained that the monitoring and implementation of the Just Gold project is executed by the local gold mining cooperative. Statisticians and employees of the cooperative control the process and the data at the buying houses. The cooperative as a whole ensures that the production of the gold meets the traceability and due diligence standards by visiting the mine sites every couple of days. This creates a form of ownership of the process for the local mining community. The buying houses are positioned at the mine sites and traders will be at the mine site on a daily basis. This increases identification and creates accountability because miners and traders cooperate every day. Furthermore, it enables the local community to create a transparent gold sector themselves which reduces reliance on local NGO's and increases ownership. Just Gold is only active to create the capacity so the local community can follow the standards themselves. This capacity is also built by training local authorities such as the ministry of mines officials and SEAMAPE (IMPACT, 2018). Local authorities will become capable of giving workshops and training to the cooperative. This increases the level of independence in the mining sector. In the iTSCi project, the role of SEAMAPE is more focused on monitoring the supply chain themselves. in the Just Gold project, SEAMAPE is providing a supportive role for the cooperative.

Mrs. Danielski tells that every security incident is directly monitored by the buying house as well as by Just Gold project staff. The specific details are reported to the headquarters of the project. The report also includes measurements that should be taken to resolve the problem. The incidents will then be discussed with the cooperative. The security coordinator and the Just Gold field staff also have regular security check-ins. To increase transparency and due diligence, all incidents are reported to the retailers. Besides the supply chain, Just Gold is also tracking incidents in the community itself, including gender-based violence and equality issues.

Governance

The Just Gold project works closely with the local and national authorities. There is a memorandum of understanding with the ministry of mines at the national level. Just Gold also provides updates to the ministry of mines at the provincial level. On the local level, Just Gold provides technical assistance to SEAMAPE to increase their capacity and it is cooperating with the territorial authorities. However, the focus of the Just Gold project lies especially on increasing the capacity of the local community in the form of the cooperative (IMPACT, 2018). This is a key difference with the iTSCi programme that is mainly focused on supporting government institutions. The Kimberley Process has no policy to directly strengthen local actors. It leaves this responsibility to the member states.

Taxation

The current tax rates in the DRC give the incentive to smuggle the gold out of the country and sell it from a foreign state instead of from the DRC itself (BGR, 2019. p 6). There has been a case study on the legal taxation for gold. The study showed that the total amount of taxes levied from the mine site to the point of exportation is equivalent to 25% of the value of the gold at the mine site (IPIS, 2019. p 46). Such a high percentage in an informal sector incentivises actors to illicit practices. The physical and financial characteristics of gold make the smuggling to neighbouring countries, where the taxes on gold are significantly lower, even more attractive. Mrs. Danielski argued that IMPACT is advocating for changes in the taxation system to reduce the incentive to smuggle gold. Cooperation between the LCGLR countries by implementing the same tax rates can provide a solution to this problem. Improving the current tax system in the region is key to reduce the illicit smuggling of gold. It will also increase the tax revenues of gold producing countries. However, just as the iTSCi programme, Just Gold has no say in how the increased tax revenues are invested. If the miners do not see anything in return for the taxes they directly pay to the state officials, taxation can lead to higher tension between the population and the state. This is also confirmed by a report of IPIS (2017) that states that too many state actors are (illegally) collecting taxes, leading to double taxation and increasing dissatisfaction by the miners.

After the analysis of the political dimension, it looks as if the project is very focused on empowering the local mining community as a whole and women specifically. The project heavily invests in strengthening the capacity of the mining cooperative to meet the traceability and due diligence standards. Meanwhile, the project is training the local authorities to ensure that they will be able to support the local community in the future. Currently, there are not many mechanisms in place that ensure traceability and due diligence. This limits the power to guarantee accountability in the supply chain. A lack of these mechanisms makes the sector still vulnerable to corruption and rent-seeking behaviour. By investing heavily in the cooperatives, Just Gold is increasing the ownership of the local mining community which is improving accountability between local community actors. However, the accountability vis-à-vis the state should also be a priority to ease tension and reduce the likeliness of conflict.

Conflict

The area in which the Just Gold project is active is not a representation of the artisanal gold sector as a whole. As mentioned above, armed actors are present at 64% of the artisanal gold mine sites (IPIS, 2015. p 40). For the Mambasa region – a region in DRC's Ituri province in which Just Gold is active –, this percentage is significantly lower. In the dry season, 18,4% of the mine sites faced armed presence. This presence dropped to 8,7% in the rainy season. The presence of armed forces is almost always in the form of the FARDC. The FARDC collects illegal taxes and violates human rights (IPIS, 2017).

The Just Gold project only works in 'green' certified mines located in an Artisanal Exploitation Zone (ZEA). Joint mine site validation missions validate if mine sites conform to the Regional Certification Mechanism of the ICGLR and can be labelled as 'green'. From 2011 to 2017, 53 gold mines have been checked and 42 of them were categorised as 'green'. In comparison, 335 3T-sites have been validated in that period (IPIS, 2017. p 7). This shows the slow pace in which gold mines are verified and in which the Just Gold project can expand. IMPACT itself is trying to influence policy by reporting on conflict-affected mine sites. However, there is no concrete process in the project in which this is done at a structural base with the involvement of multiple stakeholders in the mining sector as is done by iTSCi. This leads to the fact that currently, Just Gold is not very effective in reducing conflict in the gold sector. As the UN Group of Experts (2018) states "With regard to natural resources and finance, armed groups and criminal networks, including national security officers, continue to use gold and taxation as sources of illegal revenue" (p. 2). However, if the government and mine site inspectors are able to certify more mines as 'green', Just Gold can increase the livelihood of the mining community. By doing so it may take away characteristics such as low income-earning opportunities, economic growth and low income that can reduce the opportunity for conflict (Collier & Hoefller, 1999, 2004). However, the functioning of the state also plays an important role in reducing the likelihood of conflict. In a state where government officials rely on inefficiency and lack of transparency of the state apparatus for self-enrichment, a track & trace scheme will probably not reduce the likelihood of conflict because there still is no accountability vis-à-vis the population.

Comparing the three cases

table 4: Effectiveness of the three schemes

Scale: weak - medium weak – medium - medium strong - strong

	Kimberley Process	iTSCi	Just Gold
Economic dimension	Medium	Medium weak	Weak
Political dimension	Weak	Medium	Medium weak
Conflict dimension	Weak	Medium	Medium weak

In relation to iTSCi and Just Gold, the Kimberley Process has the biggest macroeconomic effects. This is due to the fact that it has an intergovernmental structure in which decisions are made at the national level. Just Gold is focused on the microeconomic level by improving livelihood within the few mining communities in which it is active. iTSCi is involved in almost all mines in the DRC. This has led to a large formalisation of the 3T sector. By increasing tax revenues for the state, iTSCi has a larger economic effect than Just Gold. However, as became clear in the theoretical framework, the dimensions are very interlinked. To be effective on economic aspects, political condition play a role as well. The evidence shows that the Kimberley Process has a weak effect on these political conditions. This is exemplified by a lack of monitoring mechanisms and support in governance. The Kimberley Process has a high macroeconomic influence but lacks political effectiveness. This weakens the economic effectiveness of the scheme. It looks as if the Process is not creating the political conditions that can properly tackle negative economic effects related to an abundance of resources.

iTSCi has less macroeconomic influence but by having a better focus on the political dimension by strengthening governance it can be suggested that this increases effectiveness on the economic dimension. To be really able to tackle the macroeconomic effects of the resource curse, good governance within the national government seems to be needed. With the community-based approach of Just Gold, it looks as if their effectiveness on macroeconomic aspects of an abundance of resources is weak. Their emphasis on empowering the local mining community seems to create a reduction of tension within mines. Besides this, the effectiveness of Just Gold on the conflict dimension seems rather negligible. IPIS (2019a) and Cuvelier (2014) mention that there is tension within iTSCi controlled mines. However, reading reports by IPIS (2019), UN Group of Experts (2018) and the OECD (2016b) it looks as if iTSCi has been more successful in reducing the presence of non-state armed groups at 3T mine sites. Corruption and armed interference by government officials however still occurs. The Kimberley Process lacks the mandate to act upon these forms of conflict due to their limited definition of conflict diamonds and its effectiveness on conflict is therefore weak.

This comparative analysis shows that the effectiveness on one dimension is related to the effectiveness of a scheme on other dimensions. This points towards the need for a large-scale scheme that both improves local governance and creates sustainable policy on the national level. In the following chapter it is questioned if trace & trace schemes can fulfil in these high demands.

Conclusion & Discussion

Conclusion

This research has shown the difficulties with which track & trace schemes struggle in their aim to reduce the negative effects of conflict minerals. It highlights the effects of organisational and operational differences between the schemes. The Kimberley Process, partly due to its intergovernmental character, has faces difficulties in reforming the scheme to maintain its ability to address the current problems in the diamond sector among others, the situation in Zimbabwe and CAR. The evidence shows that the Process is not improving the governance in the participating member states, which is one of the key aspects to tackle the negative effects of the resource curse. The Kimberley Process leaves the implementation of the Process standards to the states, some of which fail to fulfil this responsibility. The Process was deemed to have been successful in minimising conflict as defined by the Kimberley Process. However, it seems that the Process is not effective in reducing current problems such as corruption, illegal smuggling and (state) armed interferences.

iTSCi does acknowledge and emphasise the importance of good governance. It therefore is very active in strengthening local authorities that are involved in the mining sector. Evidence suggests that mines which are part of the programme no longer face structural occupation by non-state armed forces. However, in a territory as vast as the DRC, it is difficult to be conclusive. Furthermore, armed interferences – mostly by the Congolese military – and corruption are still present. Currently, it looks as if the programme is not able to get a grip on this corrupting behaviour. Analyses identify multiple monitoring systems that strengthen local authorities' capacity. However, based on the evidence it looks as if the iTSCi has not (yet) been able to create a sustainable sector.

The Just Gold project is also structured to improve local governance in the gold sector. However, it seems less sophisticated with regard to controlling and monitoring mechanisms than iTSCi is. The project is more aimed at increasing the capabilities of the local mining community. With this approach it tries to increase ownership for the community. Improving the livelihood and equality within the mining sector and in the community as a whole is one of the key focus points of the project. The iTSCi programme has less emphasis regarding this topic. It will be interesting to analyse the effects of this alternative approach for further development of track & trace schemes. The effect of the project on conflict remains limited. The project only works within ZEA and in 'green' validated mines. These areas and mines are limited and Just Gold does not have a direct influence in expanding the areas.

Evidence shows that the Kimberley Process has had significant macroeconomic effect. In the early years it has increased the legal export of diamonds drastically. This has led to an increase in tax revenues for these diamond producing states. Looking at the weak governance in these conflict-affected resource-rich states and the lack of governance support from the Kimberley Process, it can be questioned if this revenue is invested in a sustainable way with a positive effect on the mining sector. Just Gold has had an increased impact on the micro level by investing in the improvement of the livelihood of the community. iTSCi has had a somewhat larger effect on economic factors due to the size of the programme. Even with this focus on governance capacity building approach of iTSCi, it has not been able to control illicit taxation by local authorities. It did reduce the armed interferences of rebel groups at mine sites.

Discussion

This chapter discusses the limitations of the resource. Finding right interviewees and valuable reports are the key limitations of this report. Furthermore this chapter discusses the future of trace & schemes. It is questioned if track & trace schemes are able to create a sustainable mineral chain. Finally it discusses the generalisability of the thesis.

Method and limitations

Primary and secondary research has been used to explain the effectiveness of the three schemes. Both techniques have seen some limitations in this thesis.

Secondary research has been based on articles of scholars and reports of organisations. Articles and reports about the Kimberley Process and iTSCi were largely present. Multiple civil society organisations and scholars have studied the schemes in-depth. This does not count for the Just Gold project. As the interviewee of the Just Gold project said about this fact: “There is not much out there yet so you will be, if you include it in your masters’ thesis, one of the first” (Z, Danielski, interview, June 4, 2019). This has led to difficulties in collecting information. Reports about the current status of the gold sector have been used to create a better picture of the situation. However, most of the analysis is based on the interview with Mrs. Danielski and additional information about the project from IMPACT. The triangulation method therefore has been difficult to apply which reduced the possibilities to evaluate the interview data critically. Interpreting the results about the Just Gold project, therefore, should be done with some restraint. Nevertheless, it is also a strength of the research that it addresses the Just Gold project. With the problematic state of the gold sector, it is urgent to create properly functioning track & trace schemes (IPIS, 2017). By analysing Just Gold, this thesis can contribute to the improvement of the sector. It also creates new scientific opportunities for further research on which I will elaborate more in the following sub-chapter. It would be very valuable to send a research team to the Just Gold mine sites to evaluate the current situation. With this information it will be possible for future researchers to find more conclusive results.

Primary research has also faced some difficulties. Beforehand, the goal of this research was to interview employees of the schemes as well as experts in the field of track & trace schemes. It turned out to be more difficult to arrange interviews than expected. Multiple actors have been contacted but few were able to be interviewed. Therefore, the new goal was to conduct one interview per organisation to compare the different cases. The civil society organisation that has been part of the Kimberley Process since 2006 and emerged from the Process was not able to participate in this research. Therefore I have interviewed the communication director of IMPACT (previously PAC). PAC is one of the founding fathers of the Kimberley Process but is not part of the Kimberley Process anymore. The organisation left the Kimberley Process in 2017 out of dissatisfaction with the scheme. There is still a lot of expertise about the Kimberley Process but the last one and a half year, IMPACT has not been directly involved in the Process. The high numbers of reports on the Kimberley Process have helped to create a complete picture. For iTSCi and Just Gold I have been able to interview employees of the organisations involved in the programmes.

Results and limitations

The results do present a broad view of the effectiveness of the schemes. However for the Just Gold project it has been difficult to find valuable sources. What has become clear is that the largest part of the gold sector is still unstable and that Just Gold is not able to have a significant effect in these parts. Research about the functioning of controlling mechanisms and the track & trace system of Just Gold is still absent. Further field research on these aspects would be very valuable. This has been the largest shortcoming in the empirical findings of this thesis.

After analysing the results it can be questioned to what extent track & trace schemes can create a sustainable mining sector. The Kimberley Process has seen some success but it looks as if it is unable to adapt itself to the new problems arising in the diamond sector. iTSCi is currently having more success. It has reduced the physical presence of non-state armed groups at mine sites but new ways of influence such as ‘predation at a distance’ are undermining the effectiveness of the programme. Next to that is the ongoing corruption by state officials that limits the effectiveness of the scheme. For the Just Gold project it may be too early to draw hard conclusions. The current situation in the Congolese gold sector, however, does not create high expectations for large-scale gold sector reforms. The expansion towards Côte d’Ivoire instead of expansion within the DRC embodies this. It is important to state that the schemes have provides large improvements within the mining sector but the ongoing problems cannot be overlooked. It at least raises question about the potential of track & trace schemes. To reduce problems in the African mining sector, good governance is essential. The analysis of the schemes has shown that creating good governance on a large scale by implementing track & trace schemes has not (yet) been successful enough to create a sustainable mining sector. The question is if these schemes will ever be able to create a fully sustainable sector, or that we should look to additional options? This thesis can at least not give the assurance that the current schemes will be capable of creating a sustainable sector.

Societal and scientific relevance

Making the link between the resource curse literature and the three cases has provided more insights about the effectiveness of the schemes. However, the results are not conclusive and further research is needed to create a more complete picture of the schemes’ effectiveness. Besides the urge for more in-depth research about the effectiveness of the schemes, this thesis also creates new questions. After finding answers about the effectiveness of the schemes, questions about how to improve these schemes arise. As mentioned above, it will also be interesting to research the potential of track & trace schemes and new options to increase safety, improve human rights and reduce conflict in the African mining sector.

For further research it will also be very interesting to see the development of Just Gold vis-à-vis the iTSCi programme. By analysing the developments it will be possible to see what kind of effect the incentive-based approach of Just Gold has in the long run. It will also be valuable to follow the effects of their community-based capacity building strategy in comparison to the government-based approach of iTSCi with less focus on environmental and safety standards – because this is not included in the OECD guidelines. This analysis can help current and new track & trace programmes to organise their scheme in such a way that it is most effective.

By addressing the positive and negative sides of the schemes and suggesting new questions for research, this thesis can contribute to the improvement of sustainable mining. This would improve the social situation of miners in particular and the situation of conflict-affected African countries in general – when acknowledging that good governance is a requisite for a sustainable mining sector. A second socially relevant aspect of this thesis is the creation of awareness. It has been noticed during the interviews that the participation of downstream actors in the mining chain is limited. An important downstream actor is the customer itself. There is still a lack of awareness about the use of natural resources in goods that we use and wear every day. This should be linked to the unsustainable situation in which these resources are acquired. by improving this awareness, retailers will feel the necessity to increase their participation in creating a responsible sector. 66% of the people do want to pay more for sustainable products but first they need to become aware of the current situation (Nielson, 2015).

Generalisability

This study is only generalisable to a certain extent. Every mineral has its own characteristics and faces unique problems such as the value of the mineral and the amount of taxes that are levied. It is important to understand these differences and to recognise that there is no blueprint for all schemes. Furthermore this study largely focused on DRC. It is the only country in which the Just Gold programme is active and iTSCi faces is largest difficulties there. This limits the generalisability of the thesis. On a less specific level, the results are better generalisable. As became clear in the theoretical framework, if there are problems regarding an abundance of resources it is often related to economic, political and conflictual problems. Building a strong government apparatus will be important in every state, regardless of the kind of resource. It looks as if a bottom-up approach – as performed by iTSCi and Just Gold – is better able to address the current problems in the mineral sector than a top-down approach – as used by the Kimberley Process – because it provides better opportunity to create a transparent sector by improving governance capabilities.

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Appendix I Interview on the Kimberley Process

Jesse:
To start. I think maybe handy if you could explain something more about the Kimberley Process so we are on the same level about it.

Danielski:
Sure so I guess my question is for you first as to what you're looking to get out of this with regards to us and the Kimberley Process because potentially is it more or just again just for like for you to get more information about what the Kimberley Process is or our position with regards to the Kimberley Process.

Jesse:
It's not specifically focused at your position. It's more about the Kimberley process itself

Danielski:
and how it functions?

Jesse:
Yeah mostly.

Danielski:
I can give you a little bit of a broad and broad overview but potentially you'd be best placed to talk to someone on the technical team or someone within the Kimberley Process it self like within the member states for example sense like we're no longer with the Kimberley Process. I'd say we're not no longer. We're not the best people to speak to so I can give you kind of like just for your own information a little bit of an overview of how it works but because we have been removed from it for the last couple of years we're like. I'd say we're no longer the best people to speak to as to how the Kimberley Process works. But I can talk to you a little bit about that like give you an overview of how it works and kind of how our position on why we left for example and some of the failings of it.

Jesse:
Yeah we'll be great. And that's what I'm interested in.

Danielski:
So the Kimberley Process so like what specifically are you. Can you just repeat your question maybe?

Jesse:

I'm because I know a bit how the Kimberley Process works. But I'm curious how the monitoring system works for instance how the Kimberley Process is guaranteeing the alignment to their own regulations that those aspects.

Danielski:
OK so there's some I'll actually send you I don't know if you've ever seen one of our reports on the diamond trade from Cameroon and actually it has a really good explanation of some of this might like it goes through this in depth and so what actually happens is that so as you know the Kimberley certification scheme is for rough diamonds. Only member states are signatories right and then there are a number it's a tripartite system but the member states of governments are the ones who are the ones who have to bring in a number of a sign up for the Kimberley Process and then have to have a number of have to comply essentially with a number of essentially like a number of controls or have to pass legislation with the country united wanted to say that they they have these a certain number of controls within their country that complies with the Kimberley Process. So the and then for example a peer review mission would be deployed to the to those countries and it's done so every few years or when the KP decides that it's necessary. For example when there's a human rights or when there's a concern or when there's conflict in that country the missions are tripartite so made up of member state representatives of member states civil society civil society pillar and the industry pillar.

Jesse:
All these reviews are those mandatory or all these voluntarily?

Danielski:
As does the country have to accept the mission I believe they have to accept the mission. However the report that comes out of it is confidential. So it never has to be made public. And the the the country can potentially dispute within the working group the findings of the the peer review missions.

Jesse:
So the findings are not non-binding

Danielski:
I'm not. I wouldn't say that they're not binding but the report is never made public. And I'll send you I don't know if you saw it. We have a briefing paper on some of the issues within the KP and the lack of transparency and essentially external monitoring is one of the big issues that we have as impact with the Kimberley Process.

Jesse:

Could you elaborate a bit more on that?

Danielski:
Well essentially that these reports are never made public that the reports of the review missions and the recommendations that come out of them they're always kept confidential.

Jesse:
And these these peer reviews they check if the member states are in line with the regulations of the Kimberley process?

Danielski:
so that yes the role of a peer review mission is to to review the internal controls that are in place within the country and that they are in line with the Kimberley Process certification standards.

Jesse:
But the responsibility lies completely by the member states to implement the regulations.

Danielski:
Exactly so it is the full responsibility of the member state to put in place internal controls

Jesse:
and what it what if a state is not capable of doing so?

Danielski:
Yeah. So that is the question. That's a very good question. So that is something that for example impact had been and other civil society groups had been calling for for quite a while as to essentially provide support to member states to strengthen internal controls. It's for example you'll see I'll send you the report on Cameroon as that country's often this is where they struggle with weak internal controls. That's that's where a lot of the issues come from. And and these countries need need support both through awareness raising sensitisation workshops and and sometimes it's a financial commitment as well. And that needs to be that all needs to be put in place.

Jesse:
Okay. And the Kimberley Process is not providing that at the moment?

Danielski:
I can't comment on that. I'm not quite sure what the Kimberley Process is going to be.

Jesse:
But they are not directly locally active by using by working with local NGOs or something like that.

Danielski:
Well so the Kimberley Process is an international initiative it's an international multi stakeholder initiative and it has a local local focal points within each country within each member state. So those focal points would be the ones responsible for ensuring or reporting or essentially liaising between the Kimberley Process and the Ministry of Mines or whoever is or whichever department there is the Kimberley Process as well as is divided up has a number of working groups. So whether it's on production of or artisanal mining issues or data or I can't remember some of the other ones but if you go to keep you website you'll see a list of working groups and so that is how member states essentially share information and and and discuss relevant issues with each other and also with civil society and industry as representatives of civil society and industry are always members also have representation within all those working groups. I asked the there's also I'm not quite sure as to the third pillar as to the industry but civil society as well. The KP while we'd left the KP civil society coalition remains within the KP and it is made up of a number of civil society groups I believe there's 10 currently and most of them are Africa based organisations and they do a lot of work both on research and trying to raise awareness on some of the failings of the Kimberley Process and some of the human rights violations that continue to happen working together with member states to improve internal controls and draw awareness to some of the these larger systemic issues as well as. Just discuss next steps and and how to how to improve how to improve and move towards an improved diamond supply chain.

Jesse:
OK. So by cooperating with civil society the Kimberley Process is in some way increasing the governance in the region?

Danielski:
Well I wouldn't say that the role of the civil society pillar within the Kimberley Process is the civil society pillar acts as a megaphone and it acts as a spotlight. And it's supposed to essentially shine a light on poor practices and how to improve practices. So whether if there is a member state is having a violation or the role of civil society pillar was always to essentially shine a light on the that and then work with that member state and with other members of the KP to improve practices

Jesse:

and improving practices that also includes for instance corruption and human rights violations or is it purely focused on reducing the influence of conflict in the mines and in the diamond sector?

Danielski:
Well so that. So that's a that's a complicated question. So the Kimberley Process. By definition only refers to rough diamonds that are mined by rebel groups specifically to overthrow the government. That is the current definition of the KP. What a conflict diamond is. There has been a lot of work over the last years to try to change the definition and and increase the definition to make it broader because obviously that definition is quite small and doesn't apply to most of what we consider conflict diamonds around the world which would be conflict diamonds or illicit diamonds diamonds that have been mined and contributed to corruption or human rights violations or diamonds that are being used by governments properly. But. But the KP as it stands currently only has to its current mandate as it is today only deals with diamonds rough diamonds that that are mined by rebel groups to overthrow the governments

Jesse:
and therefore the monitoring of of mine sites is for instance less than with with just gold?

Danielski:
What would you mean by monitoring mining sites?

Jesse:
Well for instance just gold is literally underground working with the cooperative in these mine sites. This does Kimberley Process also has this kind of monitoring function?

Danielski:
So all of that is the responsibility of the government because the government's responsibility essentially that would be part of the internal controls that each government would have to put in place and that would depend on the government. So essentially the government technically has to ensure that as part of the Kimberley Process that there is some type of traceability or not traceability but at that has to for the certificate to be issued it has to have proof of origin from the mine site so that it has been legally mined from a mine site and to to prove that it has been legally traded. Now it's supposed to have legal KP focal points throughout the country that are checking now in many countries and in many situations. KP focal points aren't able to just were like there's very few KP KP focal points that are that they just can't cover the distance or they're there just in the city centre for example they just there's corruption in the report our report on

Cameroon for example showed how diamonds from CAR from the Central African Republic were being smuggled over the border and being sold as Cameroonian diamonds. And so that process just was was failing essentially. So the internal controls of Cameroon was just not strong enough.

Jesse:
OK. So the only controls that the diamonds need to get to those focal points to check if they are legally mined?

Danielski:
now so that the KP focal points are essentially essentially would have like. They're not the ones that check the it's at the point of export that the person will check all the paperwork is in place. So the KP focal points do kind of like I believe spot checks but I would I would verify that with someone who understands the KP a little bit better. I believe if they did they would just like do spot checking. And like help issue licenses. But I'm not 100 percent sure on that but I believe they're keeping focal points are in areas and depending essentially on I think it's depends on how the country's internal controls are set up. It.

Jesse:
Because it can be understandable that in every country it looks different.Is that a possibility?

Danielski:
Yeah.

Jesse:
So are clear ensurement about if these diamonds are conflict rree or not. Or without human rights violations for instance but mostly conflict free. How is that ensured? there is no clear monitoring system that ensures that?

Danielski:
Well impact left because we withdrew from the Kimberley process because we believe there is no ability to ensure that so we don't believe there is traceability and due diligence within the Kimberley Process to ensure that the diamond supply chain is conflict free.

Jesse:
And. And. How is Kimberley process saying that they are ensuring that?

Danielski:
You'll have to ask the Kimberley Process or representatives from the KP.

Jesse:
Okay. Then I guess that for the most burning questions from my side. Who would you recommend to talk to for the kimberley process representatives?

Danielski:
I'm not quite sure you might try someone. Probably they'll. so currently India I believe is chair. They're about to go into an intersational. So it's a rotating chair. I'm not sure if you know how it works. So every different states have different. They rotate chair chairs. So right now it's India. Next week I believe is their intersational so it's quite a large meeting. So I'm not if it either be a good opportunity or you might get the runaround because it will be really busy. So just also something to note. It's been in a reform process. So for example the definition changing the definition as well as a number of other things has been on the agenda to change. So it'll be interesting to see if. If that's something that's changed or. If that finally comes to fruition by the end of the year. So that'll be up for debate at the end of that at the plenary later on this year.

Jesse:
Do they need a hundred percent consensus about that?

Danielski:
Yes. One hundred percent consensus

Jesse:
that that's with most rules changes right?

Danielski:
That's with every single thing every KP operates on consensus. So it can be quite. That's one of the issues. Again that impact had is that you can get almost every body on board and then it's why the conflict diamond definition has not passed previously. Yeah right. Why no change why. Why essentially reform has stalled with this initiative.

Jesse:
But it's also understandable for some states who join that they are not even willing to implement these regulations of the kimberley process isn't it?

Danielski:
What do you mean that they're not willing to implement any internal controls.

Jesse:
Yeah exactly yeah

Danielski:
Well every state is different. Some have capacity issues. Some aren't able to. Some aren't able to like just some don't have the capacity some don't have the ability some don't have. And then you could you could make. You could say that some are benefiting from potentially from the corruption and from the misgovernance of the diamond sector within their within their countries or some or some or some some people potentially some representatives.

Jesse:
Yeah. Okay yeah. But would you recommend Kimberley Process to be more or more on the ground and in contact with mine site just likejust like just gold?

Danielski:
It's a very different initiative. So it's a completely different type of project. So it's a certification system and it's an international multi stakeholder initiative. So it's a different type of it's a different type of a it's a different type of project or not not a project that it's just it's a different type of scheme and it's operating differently. There's no doubt that the Kimberley Process to be effective has to change but the way it's implemented and the way it was established or the way it was even thought out is to be has to be completely different. Our perspective as impact is that the onus is on the diamond industry and the diamond industry has to take a significant amount more initiative to understand where their diamonds are coming from and they have to undertake due diligence and there's a lot of unwillingness right now to do so.

Jesse:
OK. Why so?

Danielski:
Well there's just a lot of everybody's very there's just a lot of comfort with the status quo I would say. So even for example. So for example the Kimberley Process deals with rough diamond. So up to the point where they are polished and up to the trading center so where they are polished and cut our research has shown that there's a significant amount of conflict diamonds or illicit diamonds entering the legal supply Diamond chains at that point up to the diamond industry. The world has something called the system of warranties as well. So. So if you go for example into a diamond if you're buying a diamond ring and for example like a like an engagement ring or something and you walk into a jewelry store and you ask there's a lot of consumers that ask or want to make sure that they're there there their jewelry isn't contributing to conflict right. The issue of blood diamonds was so up and front and central with the movie and there was a lot of discussion

about it a number of years ago. And what we found is that there's a lot of if you if you go in I'd say that you'll hear a lot oh no well the Kimberley Process you know took care of that there's no more conflict diamonds or you know there's a certificate for that but the certificate doesn't exist for when you're going into a jewelry store and you're buying that diamond because that certificate ended at the trading center. There's no more certification for the rest of the chain. And there's this false confidence that consumers are getting about where their diamonds are actually coming from. And everybody kind of clap their hands and said OK we've solved this problem when really the problem is is quite quite up. And it's quite it's it's still quite a big issue. And so for example there's been a lot of pressure on the diamond industry to make changes they have something called the system of warranties that deals with the rest of the diamond supply chain from trading center to consumer and for example when they were going through reforms last year I believe the reforms produced a system of warranties that was still quite weak and that didn't ensure no traceability and and essentially allowed diamond companies to only voluntarily report on human rights violations. So whenever there's a chance for diamond companies to the diamond industry to make change there there's still. There's there's there's there's no there's just one step forward and a lot of full lack of commitment to do so. So I'll send you the letter that although organizations there was a large letter open letter to the diamond industry that was written in response to the new system of warranties. All right.

Jesse:
Yeah that would be great because they are saying themselves that it is for ninety nine point somewhat percent conflict free on their website something like that?

Danielski:
according to the Kimberley Process which is rough diamonds

Jesse:
with a certificate?

Danielski:
Well rough diamonds mined from I believe that so the statistics are always according to what the Kimberley Process classifies as conflict diamonds which is diamonds that are mined in areas are diamonds that have been mined by rebel groups for proceeds to contribute to the overthrow of governments. Doesn't include corruption doesn't include diamonds that are contributing to human rights violations or being mined in situations that have human rights violations or child labor or forced labor or or abuse by p rivate like armed forces from the government. It's a very small. It doesn't

include a lot of the actual what we would classify as conflict diamonds today.

Jesse:
And why did they agree also PAC agree with this small definition just to get everybody on board or?

Danielski:
What early on? Well the situation the diamond like the landscape back in 2000 2003 was extremely different than what it is today. And the issues that the diamond industry is facing today is extremely different than what it was before. Early on there was no such thing as synthetic diamonds for example or much like they were not used for money laundering. Those were not issues that people were grappling with within the diamond sector. The main issues that facing the diamond industry was. Was diamonds being used by rebel groups within. In areas where there was civil war where where there was significant diamond mining and that that was the landscape the landscape shifted and the issue is that the KP did not shift to respond to the changing landscape. I see.

Jesse:
OK I guess it's it's pretty clear. So. Developments in livelihood for miners etc. is not a concern for the Kimberley Process. Those kind of issues?

Danielski:
So there is something called the Washington declaration. And so if you talk to someone from the Kimberley Process or the diamond industry of course they'll say that that it is then they're moving forward and part of the reform process is to figure out how to implement it. I believe the Kimberley Process did adopt something called the Washington declaration which supports artisanal miners and development. I don't know how it's being implemented today. So. That would be a question

Jesse:
but it's a declaration about, what is it about?

Danielski:
You'll have to you'll have to look it up. It's essentially supporting artisanal mining and promoting essentially the livelihoods of artisanal miners and and essentially it was a first step. To to demonstrate how diamond mining diamonds are an essential livelihood to go to artisanal miners around the world and how they can. This is an important livelihood and can support development and security within those communities. It's the Washington declaration.

Jesse:
I will look into that. OK. Do you have anything to add or ask me.

Danielski:
No that was it. I'll send you a couple of those documents on the KP like the report and the issues that we had. And that's it.

Jesse:
And have you been able to find some results about the gold.

Danielski:
Oh yes I will talk to my colleague and get back to you by the end of this week.

Jesse:
OK great. OK. Thank you. No problem. OK. bye.

Appendix II interview about iTSCi

Daudin:

Brief introduction to make sure that we on the same page what it is about. So. Even though you may have read that already but briefly so it's key itsci is traceability and due diligence program that is implemented for only three minerals tin tantalum and tungsten currently implemented in four countries. So DRC Burundi Rwanda and Uganda. It's been developed in 2010 by the International tin Association which was before the International tin research institute that changed the name since then. And later on. So it was basically developed before the OECD did due diligence guidance came into force for instance. And even though even before the Dodd-Frank Act came into force. So it was already there was already a willingness to develop some some due diligence programming for the meeting put in. And within the same year or so then you had the Dodd-Frank Act and the OECD guidance that that's were released. It started to be piloted first at some sites in the DRC in 2010 and the large scale implementation was then in at the end of 2010 first in Rwanda and then you know DRC and in Katanga province so, former Katanga province now split into four different provinces and slowly the program expanded to new provinces in the DRC. So we are now in total in seven provinces in the DRC so to the former Katanga which is now for Tanganyika, Haut-Lomami, lualaba and Haut-Katanga . Plus the maniema province north Kivu and south kivu. So it's seven in total later It also expanded to burundy and and in Uganda that was the latest newcomer to the program. So it works as it's still important the settings is a little bit complex it's key it's a first it's a not for profit program so there are no profit generated through the program it's operating at cost through membership fees and through levies that are collected at the export level so everything that the industry is paying for is reinvested to run the program. And it works basically the philosophy behind is the economy of scale. So the point is that obviously not all the mine sites are have the same size and not all developed in the mine sites have the same production potential meaning that not all of the mine sites have the or are capable to pay for that program. So the philosophy is to say well the bigger mine producing more minerals will basically help financing the system for all the small mines located around it.

Jesse:

And in that way you are possible to also include the smaller mines?

Daudin:

Exactly exactly. It's it's key because if not then you will exclude all the tin y mines and that means you exclude artisanal mining community that have no access to the markets which means at the same time you create higher risks both for these mining communities and also for your site that is in the system with the risk of smuggling et cetera. So yeah the economy of scale is key for the itsci program.

Jesse:
and it isn't working properly at the moment?

Daudin:
Yeah yeah. So it's it's working I can give you. I can also send you some some public documents after that and that can be helpful for your thesis. But yeah in general. So. Before I provide an update on where we are at the moment to understand how it works because it's not. So as I said the setting is a bit complex. Itsci itself is it is a program it's not a legal body. So the the program has signed a Memorandum of Understanding with the respective governments in the DRC in Rwanda in Burundi. That means that concretely. As I said it's traceability and due diligence and the entire traceability component is carried out by the government so by state services meaning that it's a bagging and tagging mechanism and everything related to tagging these bags to a recording data in logbooks. This is done by state services. This is not itsci teams on the ground that do that

Jesse:
and has that been a choice of iitsci or has that been the will of the states?

Daudin:
It's from the beginning on this does the design of its scheme because the purpose of the overall goal. If we see look at that on the long term in the long term is that governments are able to control that mining sector. So it is the goal is to improve governance of the mining sector in general meaning that state services and the government in general are able to. Well yeah. To to have under control what their mine is producing where the minerals are going and that is only possible if you give the responsibility to to the government from the beginning on

Jesse
and then it's to supporting the government in controlling that whole?

Daudin:
Yeah exactly. So we we obviously do not let them do that alone so we have. So that's the government part. We have a pact. The NGO pact for which I'm working is the fields implementer. So we are the NGO component doing the work on the ground which means that we have local teams on the ground that are in all the mining areas in the seven provinces in the DRC in RWanda Burundi in Uganda. And one of their task of our task is as NGO partner is to build capacity of the government to do their job correctly to

accompany them in their tasks to make sure that they don't do mistakes and if they do that we correct these mistakes and we do refresh our training so that they don't do it in the future. So we do these checks on the traceability aspect of it scheme.

Jesse
And is that a large presence in the area. Because I can imagine that it is a wide area that is.

Daudin
Yeah we have. I mean obviously in DRC which is the biggest geographically geographic area we have around approximately around hundred staff on the ground across the different offices and different mining areas. So people are really on the ground at the mine sites and they do. To give you a broad statistics they do around four to five hundred visits per month. To all areas. So totallised with all this stuff. Yeah. And their role. So that role is not only to assist the government on the traceability part but if we look now at the due diligence aspect of itsci which is actually the most important one and the one that requires them the most funding the most time the most effort is well to ensure that the minerals along the supply chain and reaching the market are conflict free. So what our teams do first they conduct baseline studies at the mine sites. So looking at all the different aspects at the mine site. So who is working there. What state agents are there. How many miners what type of minerals. If they are. Security forces at the mines or around the mines that could create a risk of illegal taxation. So there are all the security aspect is is considered taxation aspect legal aspects. Is there a legal cooperative operating at the mine or not. So they do these baseline studies which are reviewed by a reporting team and this is then approved by a governance committee. Before we can we can start to launch its key at that specific site. So this is a verification process that is important to ensure the credibility of the program and also this is reviewed by people outside of the region to ensure that they are now, that they are under no pressure from actors on the ground.

Jesse:
So first of all the mine site is checked if there is no external.Control over it.

Daudin:
Exactly.

Jesse:
Before itsci starts?

Daudin

Exactly and not only at the mine site but along the transport route. So we don't only look at the site itself but what what happens around it and along the road from the site to export level. So we we are looking at that as well.

Jesse:
And after that from a day to day monitoring that's up to the government itself?

Daudin:
So that's up to the government to be there on site to do the tagging. But our team also there as I said the visits mindset regularly we visit on a risk based approach. Obviously the mines or the mine areas where the risks are higher and that's where we tend to focus our efforts and to visit more often and mine areas where there are less risks and less issues then we can decrease the number of visits again, bearing in mind that the program is operating at cost. So we try to reduce the costs of that as well.

Jesse;
Difficult, but regular visiting. How many times is that in a month or?

Daudin:
Yeah. Oh that's that's more often than that so it can be every week. It can be every two week. It depends and sometimes if we have. If if we have a specific incident it can be on a daily basis for several days. So that's again it will depend always on the condition at the site. And that's that's the key baseline is one aspect of this ongoing monitoring is is key and the staff what they do is record any incidents that occur at the site or among the sites. And we have an incident reporting process meaning that after verification of this information incidents are recorded to have a specific number incident as a specific incident number which is attributed to it and this is then communicated along the supply chain to all itsci members.So all is key member companies located at the local level at the export level but also internationally. So international trader or smelters who member of itsci receive a summary of all the incidents that have been recorded so that they can do or perform their due diligence although that is our role is assisting companies to get out the due diligence

Jesse:
and those reports are also on the website, about the incident?

Daudin:
So you have. We we publish incident summaries after a certain period of time. It's not published instantly, incentantly and the main reason for that is that information has a price and people who want to access to this information then they need to become a member and financially connect to

it. But we do have after a certain period of time we do publish summaries on the website so you will find on their itsci website some some summaries of past concerns.

Jesse:
And um if we talk about the government control or the officials then then we talk for instance in the DRC about the SEASCAM. Do I say that.

Daudin:
Yeah. So SEASCAM it's a old acronym it has changed and now is SEAMAPE same service just different name. So these are the one doing the tagging at the mine site level. Then you have the division of mines. They are also at the mine site level and both SEAMAPE and dision of mines they are also at the negotion level so the intermediary the middleman between the mine and the exports. We have a second tagging stage where you know you have someone buying from different mines that will reprocess these minerals remove impurities achieving a certain grade and then these minerals would be rebagged and retagged. So it's a second tagging stage and this is this is done by the mine ministers agents but the SEAMAPE is also there present and at the last level being at the export level where you have the division of mine and you have CIIC. So the third stage service in the DRC that is in it is involved in itsci and the other one recording the data for third time at the export level before it is exported to to a smelter abroad.

Jesse:
So multiple checks by officials?

Daudin:
exactly multiple takes by officials. Meaning that also they have all the data they record. That's their property. And by doing so they have clear statistics on how much a mine produces how much to a territory how much the entire province is producing so they can they can know it's important for them to have the control of how much minerals are produced in the province province meaning how much legal taxes they are also able to collect because this is another consequence of the program to allow governments to collect legal taxes on the minerals and then prevent well what happens before that minerals where being exported without any sort of taxation.

Jesse:
Yeah. And about taxation the uh the increase that you realized in taxation is that taxation also invested in the mining sector or is there some influence that itsci has about that?

Daudin:

Then. No. I mean we we don't have influence. We are not the government in that say we do. We do. Advocate for transparency and accountability and what we do. This is part of our reporting mechanism incident reporting mechanism for instance we do open incidents when we have issues of state agents collecting illegal taxes or taxes that are not to, that do not correspond to the correct amount legal amount. So we do record incidents on that and that helps. Obviously the government you want to follow up and to make sure that these these sort of illegal or unlawful taxation is stopped. So that is that's the role of one of itsci and that say in terms of recording incidents and also ensuring that incidents are mitigated. So it creates more or higher accountability

Jesse:
And then it's up to the government itself to act upon those illegal taxation.

Daudin:
Right. Exactly. Yeah.

Jesse
OK. Because I. Did the official press at the presence of officials in the mining sector. I guess that increased since itsci .

Daudin:
Yeah. And yeah. Yeah. i would say so.

Jesse:
Yeah. And did that brought some problems with corruption and rent seeking behavior?

Daudin
I know it's difficult to give a correlation. I mean obviously you will always have issues. And again itsci is not I mean we are dealing in a country or with countries that are that in general have a weak governance. So we weak systems of control in place what we do and what what I could say over time in the past nine years is that by conducting again and again trainings by opening incidents and showing that something is wrong or something happened that that is not correct then it does. It has improved in any way. The level of of lawfulness off of these state services you have a better or higher consciousness and accountability and you do see you do have some precise concrete examples of state services that were did that that I have taken actions actions against some of the agents. So you do see an improvement to quantify that is difficult because we don't. If we want to be very scientific about it and say OK it has improved by that percentage then we would exactly need to know how many agents for instance where present in these mining areas before itsci how many are now. So you know

we don't have these kind of data. But yes in general I would say it it has improved. You have more agents over time because the number of mines is increasing. So you need more agents. If everything is perfect. No. There are there is still misconduct by by some state agents. But the role or the the whole point of itsci is to be able to report about it and then to help or to advocate different stakeholder groups so that they take actions against or take actions to resolve this incident.

Jesse:
OK so with reporting you try to increase the accountability of officials and?

Daudin:
Officials, companies state security forces mining cooperatives middlemen everyone so it's not. How it works concretely. And that's that's a very important to explain. We have put in place some local multi stakeholder committees. We call them in the DRC we call them CLS. And these are a committee composed by the local authorities so for instance the territorial administrator so representative of the state the territory level. He's the one chairing the committee and then you have the state services that are there. So SEAMAPE, divimin, you will have also the state security forces or the mining police the regular police the Congolese army the intelligence services sometimes you have other services such as the migration department and so that's from the government's side then you have all the representatives from the mining operators. So you have cooperatives miners middlemen then you have civil society can be church groups or the local civil society representatives and you have itsci and so all these committees they meet on a monthly basis itsci is facilitating these these meetings. And what do we do. What we put in place is to have a structured discussion so every month their review activities what happens in the area and then they review the security situation. If there are any armed groups activities or road bandits and then we discuss specific incidents. So what incidents have occurred and at the end every or everyone in common agree what mitigation measures should be implemented. So what should be done to solve this incident. Who is responsible for it. So attributing to a specific. Specific stakeholder group being SEAMAPE being the cooperative or etc. and by when this should be done. So you have you have this list of actions that should be taken and this is reviewed at the next meeting. That's what the meeting starts usually leads to reviewing what has been agreed last time and to see what has been done what hasn't been done and if it hasn't been done why is that so and and what is the next steps basically. So that creates accountability and allow to yeah to resolve incidents and that is. So that's the CLS that's at the local level not all incidents have the same level of gravity. Obviously you have more serious incident that cannot be solved at the local level. And that's why we have exactly the same structure the provincial level. Where you have the provincil minster of mines chairing this

this committee and and that's again same principle for higher higher risk incidents and some in some cases even the provincial level is not sufficient then we would go to the national level in Kinshasa.

Jesse:
OK. And is the government In general capable enough to cooperate in these in these commissions but as a whole in the area to control and monitor the whole programme?

Daudin:
um yeah I mean they are capable we train them obviously we would need to train them more often and we would like to train them more often. If there was enough budget for it. So we also do look at doing what is possible with the available means. They are. It works differently according to the province. It depends of the ministers as well it depends it depends on the availability of stakeholders. So. What we have. I mean. We do see that it works. But yes in some instances we would. I would say that we would hope for provincial ministers to to have to hold these meetings more regularly than they did to at the moment.

Jesse:
And is it clear why that's not happening at the moment?

Daudin:
It depends. You have political agendas. I mean you had the elections. So now you have all your new provincial governments being in place so this is obviously this is in. I mean interfering with the regular regular meetings. Again it's a it's an ongoing process that we we follow and the point is. Is to try to show the importance of these meetings. So again it does work. It could work better. Yes but at the moment is it it works pretty well in general.

Jesse:
Oke because. So you can see the improvement on the on the local level for the local people?

Daudin:
yeah. So what you can see and you have some external reports confirming that if you look at past reports from the UN Group of Experts. For instance I can. I mean they are publicly available obviously. But I can send you as well. So the U.N. group of experts reported strong improvements for instance and noticing that in 2017 you had no presence of armed groups at mine sites 3T min sites. Not not all by side but three team sites.This is a huge improvement meaning that miners are able to well to mine without having armed groups. Yeah. Committing human rights abuses or collecting illegal taxation also to show the improvements of the program. If you look at

past reports from the OECD. So OECD has recognized strongly the improvement of the situation in the mining sector thanks to itsci and last but not least and that was a key success for us. Itci has been evaluated along with four other joint industry programs. For other minerals so you had the RMI the responsible mineral initiative. They are the ones doing audits at the smelter level you had the RGC, i think DMCC LBMA so in the gold. Some gold joint industry, gold programming so there are five in total as have been. evaluated by the OECD and the OECD wanted to check to which extent these programs are implementing the OECD due diligence guidance which is the reference and itsci is entirely based on the OECD due diligence guidance. So to which makes sense. These programs are indeed implementing these new guidance to which extends the standards of these programs correspond to the OECD standards. itsci was the only upstream program assessed so we were the only one because there are no orders to that scale before others are downstream. And what the results showed they were put there also publicly available or they were published in 2018 is that if key was the only program with 100 percent standards aligned with guidance and in terms of implementation on the ground we were also the only one achieving the highest results. So 80 percent aligned with the OECD step 5 framework

Jesse:
and being aligned with the due diligence OECD That means that there is no or few human rights abuses?

Daudin:
No it no it it doesn't mean that there are no issues. It just means that the program that that is in place is. Is answering or is implementing what the OECD recommend. It does not mean that you don't have incidents or abuses and the OECD is not expecting that you don't have any issues. The key part is to say whenever you have issues that you have actions being taken the key things is first of all being able to. Know about these issues to report them to put in place mitigation a mitigation plan. That is what do we see these requests. And this is what we are we are doing on the ground. And again and you have if you if you read to we see the guidance you would see that they give you a certain period of time because you cannot expect that when you have a problem. First you should definitely not stop dealing with that mine because at the end of the day the problem will remain. and you cannot expect that the problem will go away from one day to the other. So you have a certain period of time to be able to put mitigation measures in place resolve the problem. If the problem persists then the OECD guidance says that you can decide to stop sourcing from that mine. But it is not. It's not the desired outcome desired outcome is to say while there is a problem let's work together do something about it

resolve the problem and then we can move forward. This is what what governance is about

Jesse:
and it doesn't sometimes happen that you have to say OK I will leave this mine. Because we cannot implement the OECD guidelines

Daudin:
Yeah yeah of course we. We do have the power as itsci to say because we want to protect the program we want to protect our supply chain and ensure the credibility is high. So yes we have cases where we suspended tagging because you have armed groups interference and and then we stop until the problem is resolved. And the same goes with companies companies and. Members of being member of itsci have have some duties and needs to comply with certain requirements. And if they don't. Again itsci has the power to suspend members. To prevent any conflicts a conflict minerals to prevent conflict minerals from entering into the supply chain.

Jesse:
And is itsci then also trying to get them back into the program or?

Daudin:
Obviously. I mean of course we would make recommendations continue monitoring and see that actions are taken. If not then it remains suspended. And. And if the issue is resolved and we have re assessed on the ground then we say OK everything is fine again. Then we can add all restart that some sites it happens in the past. It will happen again very likely. So that's that's the flexibility that we have. We can we will protect the system. We can, we can say OK we stop and we can say we suspend you because at the end of the day the the key part is that the international markets has confidence in itsci and continued sourcing from the region.

Jesse:
And are there also some guidelines about for instance the the income of the the miners?

Daudin:
So what do you mean by guidelines whether we we are influencing the prices that are paid to the miners?

Jesse:
that they are kept constant for instance?

Daudin:

No that's that's. So that's a very complex issue related to market dynamics and too many factors. We do not have a say in what is being paid. We do not want to have a say in what is being paid because it's that's a business issue. So if you look at tin the price of tin is it regulated under LME. So it's the end on the international market. The price is indexed so we don't have an influence on that in any way on the ground. It depends on many factors. So not all the mines are similar the quality of the minerals varies depending on the mine. So you will have mines with a high ore content which obviously will be more expensive but you will have mines with lower ore content tin content for instance and then it means that you need to process much more than minerals that you need to remove impurities much more and then obviously the price would be lower. So that's that's very very complex issues. It depends also where the mining is located. How long do you need to transport these ore to the export that will sometime is very remote. No roads and transport can only be done by foot. And obviously this increases also the costs meaning that it will likely decrease the decrease the the the price of these minerals for the miners.

Jesse:
So the the presence of the itsci program does not directly have relation to the the prices that the miners can ask?

Daudin:
No because I saw my miners will. Um. What we've seen. So again these are two. I mean they are different issues. Pric of itsci is paid by exports. So miners do not pay anything that that's first important point. Cooperatives at the mine sites do not pay to be part of itsci, We go there we do the baselines. We include them all the tags are free of costs to anyone

Jesse;
but the miners do need some licence I guess to be at te mine?

Daudin:
yes well again that depends. You may have a private concession and the concession honour would having a license needs to pay to the government but you have some areas where where there are no private licenses and what the government has done is creating some, setting some zones where cooperatives can can go without needing a license they need to be agreed and recognized as a cooperative but they don't need the actual mining license like a research permit or exploitation permit.

Jesse:
OK so so in essence everybody is able to get a license or can mine without a license?

Daudin:
Yeah. If they are if they are part of a cooperative. Yes. So that's the that's the Congolese law. It's not itsci saying that congolese law is saying you need to be either cooperative or or working for on the registered licence to mine and to go back to your question. So that's one aspect but to go back to questions on price what we we did see from testimonies is that compared to before and after Itsci we've we've seen some miners telling us that the price they've paid before being integrated for itsci so that basically without the key they relied on illegally transporting and exporting the minerals which means that you need to pay very likely some illegal taxes to the police agent waiting for you at the on the road at the exit of the mine and then later on you will continue you will need to have to pay another state service which is controlling a checkpoint on the route and then another one further on. And at the end you know all these small fees accumulate and become bigger. And. Now with itsci the fact that we do report on these issues because if it's illegal then we report about it. Meaning that we we that would be mitigated and some miners have seen their the price of the minerals increase at the end because they were able to reach the international market and because you had demand in some areas then the price has increased. So that that's a benefit that's a very positive thing. I got to that

Jesse:
because I can understand that if you want to keep the chain fully transparent then and you have to kind of control the the the different steps in that chain. so No not not everybody is allowed to for instance buy the minerals. Does that lead to a concentration. Of a few buyers. Who are who have to license to buy?

Daudin:
Not really. Not not really. I would say when you say buyers do you refer to exporters. Do you refer to. Who exactly. Because several people in the supply chain

Jesse:
to the buying houses who buy the minerals from the corporates I guess.

Daudin:
So if you say buying a house is it sounds like more an exporter. So at the export level you do have several ones. It's not I would not say it's concentrated to a few you do you do have price competition. And we. I mean itsci is also is is also it's an open market program so It's not compared to close pipe. We obviously you may have a concession order deciding to to settle to to to have an exclusive agreement with the company but in most cases it's open market and this is in favor of competition. When you say buying a house is you do have all other actors along the supply

chain. So it's it's it's many people you have these middlemen and is negotion they may be independent they may be affiliated to an cooperative they may be affiliated to one buying house or an exporter and they are mostly people from the local area. It's not some one person it's buyers person. There will be funds activities at the mine sites to help the miners and mine and in having an offtake agreement with the miners or with a team of miners and then these middlemen will sell to whoever they want. So you have many actors. I would not say it's concentrated to a few

Jesse:
but those middlemen they don't they don't need some licence to do buy from the mine?

Daudin:
Yes they have. They have negotiated to have a card. They need to be registered with the government. Again that's that's the DRC government's law. They do not have a car.Sorry?

Jesse:
that that's not controlled via itsco?

Daudin:
No no no no no no we. Because again you know we need to do to make a clear line or to draw a clear line between what is the responsibility of the government what is the responsibility of itsci and itsci is not there to.Is not the DRC law is not there to to to decide what should be done or to enforce the law. We are there to just control that what is being done is being done in line with the OECD do due diligence guidance.and in line with the DRC law obviously.

Jesse:
Yeah. So also on these matters itsci has some kind of monitoring function.

Daudin:
Yeah obviously. I mean if we see that something is irregular then we would we will recorded in the same way.

Jesse:
And it's not found that there are problems with. Giving licenses to people who buy or middlemen you call them?

Daudin:
what it what is a question again?

Jesse:

that there is no problem with providing licenses to middlemen.

Daudin:

No. I mean that that's not an issue at all. Actually in general. So they pay as long as they pay their card every year. In general that's really not an issue. Mm. They are the key financiers of mining activities. These are partly powerful businessmen. They're very well connected and know that there is no issue there. Definitely not.

Jesse:

Okay. All right. the I, because I sent you some questions and I still have a subject about the uh the effect of the program on conflicts. Because I read that itsci is active in mines that are before hand conflict free. Is that correct? And what then is the is the impact of the program on conflict in general. Mostly in the eastern DRC?

Daudin:

So yeah mostly again to to quote what the U.N. group of experts has as released at the main impact is that today you have no armed groups or in very isolated cases. Again I don't want to be always black and white. There are always issues but in general if you if you want to to to take to talk in general terms the impact is that you have no interference of. Both non-state and state armed groups in the mining sector. Or at let's to be a bit more precise at mine sites you have you have no interference no presence no presence in control of armed forces at 3T sites. Again there are exceptions that I don't I don't want to to to sound like they are no problem at all. Otherwise we wouldn't be there. But in general terms a huge improvement if you compare to ten years ago. And again if you look at pasts report from the U.N. group of experts would be a great source of information for you. That's that's a large improvement impact and the impact. So that's in the #T. Yeah. And I think it's important to differentiate between 3T and other minerals. If you look at the eastern DRC where you'll have a lot of gold sites we do. We we do see that. There was a sort of switch from 3T to gold and that now you tend to see more abuses or more more control by state or non-state armed groups at Gold sites. So that's that that's a general observation that not only we we made. If you look at ipis reports. So the I don't know if you know ipis

Jesse:

Yeah I know it's from Belgium?

Daudin:

right. They have they have civil reports. They are also showing this in past reports so that some. That's what we have observed. That's in terms of impact and other impact in general I mean we we do itsci does cover maybe 90 95 98 percent of 3T mines in the DRC meaning that mostly the entire 3T sector is conflict free. What another impact if you look at the governance is that the DRC has integrated for instance the OECD guidelines into their law. So today it is complying with the OECD guidance. It is not only a requirement from itsci. It's it's actually. The what the DRC the Congolese law is is requesting. So from a governance point of view it's also very positive

Jesse:
Oke because what I don't. Understand is. You say that itsci only going to include a mine if it's already conflict free. Right?

Daudin:
Well we would include the mine once we are sure that it is.That there are no conflict mines along the route.

Jesse:
Butw hat if a mine is inflicted by conflict. How is itsci able to reduce that mine from that conflict and get it involved?

Daudin:
Well we would do it at exactly the. The use the same procedure. So if we do want to go to that mine and integrate it into the system and we see that there is a problem A, B or C we would record it and then open an incidence using our normal procedures. We open in incident and that allow us to raise it to the authorities and to say well because the authorities have an interest we we're also going to that mine because they will be able to collect the fees from there. So we open that incident. Make sure that actions are being taken to remove the issue. Once this is done then we can start. It's not again it's not something that happens from one day to the other but we do have past examples where in South Kivu we there was Congolese soldiers located very close to a mine and they were collecting illegal taxation. From the mines and when we say well we cannot start tagging there because this is this is conflict minerals these are conflict minerals. If the Congolese soldiers are getting some money from from the cooperatives or from some miners or even food or these kind of things and by raising these as incidents bringing it to the provincial level. Then what we achieved is that these soldiers were relocated to a further area further from the mine and after that and making sure that we rechecked conditions on the ground not on the .. but with the local local police local army officials making sure that's what we do in some instances is that you have a army colonial signing an act of commitment. So explaining and making them sign a paper saying that they commit to respecting always city guidance to denouncing any abuses to taking actions against involved rogue agents. So that's that's the kind of things we do. It takes time to have these people fired because it's if you

know a little bit more about the DRC context it's a very bureaucratic society so where a letter will be always you know sign contra sign, receive signed upon receipt and and to have these kind of things of people signing such an act of commitment it's a strong strong sign that people adhere to to itsci and after that we were able to start talking in that mine. So we do have some success stories in that regard.

Jesse:

because coming back to the earlier point that I mentioned in this conversation is really about reporting those incidents and in that way creating that accountability?

Daudin:

Yes exactly.Exactly reporting so incidence reporting is the key of the program. And again you know we. As a field implement pact we are not paid by the companies so we don't have any problem in reporting about one company or one mine sites because we have that that's not the people who pay us to do the job so it creates a strong dependence. There is no conflict of interests there and reporting communicating to supply chain. That's that is the key. And people we become aware and the supply chain will then also put pressure for the problem to be to be solved.

Jesse:

Sounds it sounds great. So overall you would say that the itsci project has been or is effective at the moment?

Daudin:

Yes it is definitely effective. I can give you some statistics. You can see and you can find these will online where you can see every quarter we publish a one pager with the statistics on the number of sites number of incidents and you will see that over time it has continued to grow. Today it's more than 2000 sites and pits monitored by itsci. Across the four countries. So the DRC, rwanda, burundi Uganda. So. It continues continuous growing and yes it is definitely very effective and working.

Jesse;

And what what are the biggest challenges?

Daudin:

So biggest challenges. While in some isolated areas there are still armed groups obviously non-state armed groups. So I'm not talking about the the state security forces but safe ones. This is a challenge North Kivu South Kivu especially. We would. We would expand to some areas in North Kivu for instance but for now it's not possible because of non-state armed groups. That's one challenge and another challenge. Sometimes it's the lack of clarity in terms of legal taxes. So. State agents or you know you are working you know. In a decentralized country where a province. I mean each province have their own administration. And in general sometimes there is difficulty in having a clear overview of what are legal taxes and that's everyone is aware of what our legal tas is. When you when you deal with very remote areas where mining communities are not necessarily aware what their rights are rights are and what they should pay then

Jesse:
it's not clear how many what kind of tax has to be paid?

Daudin:
Well I mean. It's an issue that we see that happen that happen several times that some people may not be aware. And than may be it may be subject to to illegal or illicit fees. Again that's what we report in an. And tried to solve as well. But that's sometimes it's difficult to have a clear understanding and you have you know one administration saying well this is what should be taxed. And another one we'd say well that's what should be taxed. This is this is what's a week weak governance means as well.

Jesse:
Right exactly.

Daudin:
That's another another challenge. And. While we had. We had the elections that created some risks. But at the end there was no major incidents that came out of the election process but it did create some some risk for some you know some risk for some time over a few months. This is one of the challenge. And last but not least one past challenge was prices. Prices at the international market in 2015 2016. Metal prices decreased strongly decreased on the international market. This basically. First lowered the demand for minerals from the Great Lakes region and itsci being or working and being financed as it is. So I've heard a lot about that and you will find communication on that on the itsci website where we raised concerns about it but we were able to reduce our our budget to make sure that we continue running. Receive some private fundings for a couple of years from the Dutch Ministry of Foreign Affairs. Being able to shoot to to to resolve a little bit that the price crisis and now we are working without any dollars from private donors. So it's entirely entirely self-funded but it doesn't mean that cannot happen again in the future. And another very important challenge. This is something we raise in many conferences is that itsci is funded to 99 percent by the upstream sector. So downstream companies do not pay for it. Meaning the end users do not pay for it although they are the one mostly benefiting from it. You have a few again you will find the names on on the one page and I can send you you have the few downstream companies that are engaged with itsci as members so that they do contribute. You have

Apple Intel Microsoft Boeing. You do have if you want but in general it's it's very little. So will we always called for downstream companies to be more more involved in funding the program.

Jesse:
But where do you expect an increase in that because of the global change in buying sustainable products I guess is maybe increasing?

Daudin:
Right. That's correct. Yeah it's correct to say I would say that there is a higher consciousness of pressure in general on the responsible sourcing. Whether this will translate in to in to a sustainable funding mechanism from downstream for such a system I don't know. We haven't seen it in the past. We do see an impact is you know it is not only working in itsci has many other programs and we do. We do have projects funded directly by some downstream actors in other areas such as in cobalt in the DRC. So yes there may there is a more. Maybe more more involvement but in general I would say it's still very very little. And your question whether it will change I don't know. I would like to say yes but no.

Jesse:
people want to buy cheap things I guess?

Daudin:
Right. I mean yeah you have you saw a lot of changes in the Cobalt after amnesty published their report. Three two years ago. It's. It's less evident for 3Ts you have 3Ts in so many things. I mean the main market would be cell phones but you. The impact on the I mean all the pressure from the end users are still very low in my opinion that we got.

Jesse:
I get I've lost one question that's about. What do you think happens if the itsci program leaves for instance tomorrow. Do you think the the sector is self-sufficient enough to keep on going the way.

Daudin:
So your question will be whether to governments there in place would be able to to Carry out. Yeah. Yeah. I Would have a mixed answer so yes they probably would be able to to do what they are asked to do. But whether. You. The key is whether international buyers would have the confidence that they'd that that they are doing it in a way that ensure minerals to be a really conflict free. That's the key key question and I don't think so. And also because. I mean we try to again that's that's not our goal to use to continue doing the same job ever and ever and ever again without any changes or our willingness is indeed in the long term mid-term to reduce our

intervention. But at the moment it is not. I mean. It. No. The question will be. It's not possible for us to say we stop today.

Jesse:
There's not enough confidence?

Daudin:
No no and. And I would say they are not, beyond the confidence I would say they are. It's it's too it will be too early. There are not enough systems in place control system control mechanisms in place and enough. Control System at the government level to have such reporting mechanism and to make sure that companies perform their due diligence that actions are taking are taken on the ground. This is this. This is not. Yet possible. Though bearing in mind that we we talk about I mean it's good to take a bit perspective and to see that we are talking about very short timeframe here because this programming started nine years ago. It's actually very little time. And I would say within that time we did achieve a lot of successes but it's not yet sufficient.

Jesse:
Yeah that has happened a lot. I guess in the. In sector from 2010.

Daudin:
Yes of course. And again if you if you look at the past reports from that time and compare them with today you will see that in the treaty area definitely it's drastically changed to the positive. Which is not the case for the gold because there is no large scale programming for gold responsible sourcing at the moment.

Jesse;
guess because I'm also researching the justgold project. Right. And it's still very, I guess you know just gold. Yeah. Yeah it's very small.

Daudin:
Yeah. I mean he led the pilots face so you still have one site and it just gold is not the only one to tried there are other gold projects that have been implemented but never able. Never able to scale up and to be financially sustainable. And that's that's the key. If you do rely on heavy dowener money than it it's not sustainable. So nobody I would say anybody who has found the perfect mechanism for gold yet unfortunately.

Jesse
and using itsci as a blueprint for the gold sector is not a possibility?

Daudin:

no that that wouldn't work because gold is totally different commodity. If you I mean if you just look the bagging and tagging mechanism as we have for gold would need to be very different. Why do we do with 3T wouldn't work for gold you can you can take gold in your pockets without seeing it the taxation issues is also very different. This is one of the main issues DRC taxation are very high on gold create a lot of dissincentives for people to declare their gold.

Jesse:
Yeah. All new problems I hear.

Daudin:
Yep yep. But while there's still still still work to do in that regard.

Jesse:
Yeah I understand. Well I don't know if you have anything to add. At the moment. To ask. Maybe?

Daudin:
No. I mean in general. What I mean maybe just to make sure that I correctly answer all your questions I don't know what you are trying to to to showcase in your thesis. I mean comparing Kimberly just golden and itsci. What is the what are you trying to achieve?

Jesse;
Well I'm reflecting it to the literature. So what is the impact of an abundance of resources and what are the negative impacts and how is are these schemes tackling those negative impacts and. Does Kimberly Process tackle an issue that its key is not. And why does it tackle that specific problem. So that's mostly the aim and what I found in the literature is that the negative effect is mostly on the governance side but also on a conflict and the the local community aspects. And I guess we addressed all those all those topics in this conversation.

Daudin:
Yeah I mean you may you may read and this is something commonly commonly criticized is that at the end of the day the price for itsci is passed on the miners and that the miners pay or you know that they receive a lower price for the minerals because because exporters what they are paying for itsci they will then you know pass this price on to miners. This is a common criticism that it is unfair to the mining communities paying for for due diligence and traceability. What I can add to that is well the miners do benefit from its key because again there they have access to the markets. They are able to work in a safer environment and it's interesting to look at tin which is a good example for that. The price paid to artisanal miners for

their casiterite so the tin ore corresponds so they receive around 50 percent of the price of tin at the international level. Meaning that so tin prices as I said before are regulated on the LME and if you look at the what's a ton of tin costs and compare it to what artisanal miners received for the ore that day that they extract and sell then 50 percent of the price remains with the miners and the other 50 percent being divided among all the different actors on the supply chain. So which is quite a lot. Yeah. In that case it doesn't mean that artisanal mining mining communities are thriving and flourishing again. I don't want to to sound. To sound like being not credible or unrealistic. Yes they are challenges. Totally. Yes. In terms of safety at the mine sites much more could be done of health issues. Much more could be done. And that's. One of the problem today is that expectations get higher because it's not only about conflict but people expect as well jump to how to see miners working in a safe environment without accidents. For instance with good health conditions people expect to have high environmental standards and this is actually beyond what OECD is requesting. So you have expectations beyond the simple issues of conflict and today itsci would love do more much more but that goes again back to the questions of how we pay for it and if the downstream sector is the one usually making these expectations do not contribute to more programming than we we won't be able to to do much to expand these kind of activities much more

Jesse:
so until then it's just focus on the OECD due diligence guidelines?

Daudin:
Exactly. I mean we do. We did in the past some activities on the health and safety at a time where we we received funding from the Dutch Ministry of Foreign Affairs. We did some some programming there we did and we still do have some programming on child labor as well. Child labor is mentioned in the to guidance for that and that's why it's we we do work on it but. It often requires because the very complex issues it do requires a specific intervention. We do have specific programming on child labour in Katanga. We would love to replicate that to other areas but again that's that's always the question of our funding in that regard.

Jesse;
but can you argue that these situations in the mines has increased due to the involvement of the itsci programme?
Daudin:

Yeah. Yeah of course.

Jesse:
It's already increased but not as high as the expextations run nowadays?

Daudin:
Yeah. I mean and again because we deal with the i mean 2000 mine sites so it's it's 2000 different mine sites and pits every conditions is if different in each site. So you do have sites which are much more developed today where companies have invested more money than in other sites and where you do see very good improvements formalization and scaling up their activities so they are very good examples but you cannot. It's difficult to compare it's different. All these sites to each other. It's not possible. So yeah we can say there there there are improvements. And again I don't want it's never black and white and I don't want to say everything is perfect. You could do much more in many other areas but yeah if I should say in general whether it has improved I would say yes. Obviously yes.

Jesse:
Then I guess that was it from my side. Is it okay if we uh that we stay in contact if I have some additional questions?

Daudin:
Yeah that is fine you can. You contact me. Yeah I can send you a few documents if that helps.

Jesse
Yeah. Yeah always great.

Daudin:
I mean the itsci website is definitely a great resource. But I can send you some separates seperate resources.

Jesse:
Yeah. Would be perfect. I will keep you up to date with the progress of the thesis. And if it's done then I will. I will send it to you so you can you can see it. See it read it.

Daudin:
Thanks. I appreciate that.

Jesse;
No problem. Thanks for your time.

Daudin:
Thanks a lot. Jesse. Good luck with your workfurther research and writing.

Jesse:
Thank you. i wil do my best.

Appendix III Interview about Just Gold

Danielski:

we were previously known by are, we changed names we were previously known as partnership Africa Canada and in the late 1990s we were, we did a large research project in Sierra Leone with local partners and we were one of the first organisations that drew the line between diamond and conflict financing which let to international outcry and a lot of work around the blood diamond issue leading to the Kimberley process and we were one of the one founding civil society members of the Kimberley process. So we were asked to in the 2000s to apply a lot of our work and a lot of the lessons learned that we were had taken away from the diamond sector and take it to the 3T and gold sector in the great lakes region. So we are considered a technical partner to je ICGLR I don't know if you are familiar with the international conference in the great lakes region?

Jesse:

year I am

Danielski:

Z: so we work very closely with the ICGLR and we were asked to work with them to look at how natural resources were influencing conflict in the region. And we worked with them to develop the certification mechanism, the regional certification mechanism and support the implementation of it regionally. And after the dodd-frank law came into effect and traceability for natural resources become .. for conflict minerals specifically became very… … popular I would say in the region there was a lot of movement towards traceability for the 3t sector but nobody was moving towards traceability of gold. Gold is quite different from the 3Ts and it had never really been done before and so we we decided as an organisation to see if we could test traceability for gold in the Democratic republic of Congo. To see if it could be done. .. we began in in mid-2010 I believe we started an early pilot project in oriental province m for like an early early pilot project that later on developed into a larger just gold project which began in 2015 in Ituri. We have what the just gold project is is that is an incentive based model. So we provide incentives to the local miner sector, artisanal miners as well as traders and exporters to to essentially sell their gold trough legal channels. How it works is that we only work in mines sites were there is.. that have ben validated as conflict free. I don't know if you have taken a look at our website. There is a document that explains the model quit well.

Jesse:

yes I have looked at that

Danielski:

oké great, and so and so what it is is that it is a system it is an approach as well as a traceability and due diligence system so we work very closely with the local community and artisanal miners on the ground to ehmm to essentially to provide different types of incentives. So for example technical assistance in the form of training whether it is to increase m gold deals, we provide a lot of human rights training, women's rights training and essentially helping miners move towards moving towards the formal economy so formalisation. We work very closely with the local gold mining coop so essentially ensuring that the traceability and due diligence system anything that is developed will they will take ownership of it and so the local so the it is an incentive based model so the the incentives are right at the mine sites for example we also change the types of scale so ensuring that there is a lot of transparency and pricing and how the gold is being sold so so everybody knows the price that they will be getting for their gold and then how it works for the actual sales of the, how the just gold supply chain actually works is that there are there is a we call it Maison d'achat modèle it is a trading house essentially that has been set up at the community level and the trading house has outposts at each mine sites and that is also one of the incentives which makes gold sales closer miners don't have to walk as far it is saver for them especially women's. They don't have to travel with their gold, some of the mine sites are quit far out and so it is a lot easier to be selling their gold at transparent and fair prices on a daily bases. So miners are registered into the project and identified and then the traders who are part of the cooperative buy their gold on a daily bases the traders because the trader is at the mine site on a daily bases there is a lot of identification that is going on. The pits are identified that are that are producing gold on a daily bases. And they are able to track the production at the mine site level on a daily bases an understand the gold flows and then the documentation of the gold begins at the trading outposts and then the gold goes into the.. the trading house and with all the proper documentation so it goes to so the gold is identified with all the proper paperwork down to the, all the way down from the pit and the miner. So everything you can identify where the gold comes from.

Jesse:
and it is just gold kind of monitoring those buying houses or how does that exactly work?

Danielski:
so the cooperative does and we are supporting the cooperative to do so. So the traders that are buying that are at the trading houses are employers of the cooperative. And there are statisticians and employees of the cooperatives that also do daily visits or visit to each mine site ,there are

currently six mine sites in the project, that do visit every couple of days to each mine site to also monitor production and just do visits to the trading house and visit with miners.

Jesse:
so the cooperatives check the mines and the buying houses?

Danielski:
well the the traders at the trading houses are employees of the cooperate

Jesse:
just gold is close in relationship to the cooperatives?

Danielski:
so we are, our role so impact so how it works is that the cooperative is implementing the just gold traceability and due diligence system so they are the ones and we are supporting the cooperative in doing so. So our believe is that the local actors have to be the ones who take ownership of the traceability and due diligence systems for it to be sustainable. As we can be on the ground as an NGO for ever. The whole believe, we believe that the local cooperative has to be the one implementing traceability and due diligence with our support for a period of time but that they have the capacity to traceability themselves. But if we want traceability for gold throughout Congo and trough other parts in the world where there is conflict and high risks we have to provide the capacity and build the capacity of these local actors to be able to do traceability and due diligence themselves. So our role is to build the capacity of the local mining cooperative to be able to implement traceability. So our role as impact is to have developed the model for traceability and due diligence which is the just gold project and know we are supporting the local cooperatives in implementing it.

Jesse:
clear

Danielski:
oke

Jesse:
and what is the role of the local government in this process?

Danielski:
yes well that is a great question. So we have very close relationships with all government stakeholders from the ministry of mines at the Kinshasa level down to the provincial government and local government. We work we have a memorandum of understanding with the ministry of mines at the

national level. And they are in support of the just gold project and its implementation we work and provide updates to the provincial authorities at the ministry of mines and then on the local level we work very closely with all stakeholders. So from the local authority who's like a territorial territorial territorial authority to ministry officials like the ministry of mines authority at the local level to we also work very closely with SEASSCAM or they are called SEAMAPE right now yeah so we provide technical assistance to them as well and building essentially their capacity to be able to do their role.

Jesse:
and their role is than to monitor the mine sites and the transparency process?

Danielski:
exactly and we have been.. we include them in all of our workshops and for example we do quite a bit around mercury and environmental stewardship at the mine sites and so we bring them in to ensure that they are also get building their capacity on those types of issues as well.

Jesse:
and could you say that the Congolese government as a whole is capable enough to provide that assistance and to monitor the whole process?

Danielski:
well I think they are building their capacity there is a lot of will to to to to implement traceability and due diligence and there is a really knowledge that this is what is needed for ehm for minerals like gold to be sold on the international market. And so there is movement towards figuring out a way how to do this.

Jesse:
and why is the government willing to cooperate?

Danielski:
well like as I said there right so there is I think there is large evidence about how much gold is being smuggled out of Congo right? So that is also a loss of taxes for the government and so there is so both there is a there is an issue about how much revenue is being lost but as well there is a significant stigma on Congolese gold on the international market and even if we have significant just with the there is a significant amount of work that has to go in with regard with transparency and traceability and due diligence and demonstrating that gold being exported out of Congo is responsible and can be traced and and and to encourage downstream actors to buy it. And there is a lot of work that the downstream actors have to do as well to prove to

consumers and media and their own clients that they have done the work to be able to prove that the work is that the gold is responsible and that they know where it is coming from and that it is not funding armed groups for example in conflict and so there is this this catch 22 as well so the Congolese government really well all Congolese stakeholders miners as well and exporters have an interest in demonstrating in getting into the international market as well as yeah so so there is a real interest in in having these doors open with an international market and getting that stigma removed from their exports.

Jesse:
creating trust around Congolese gold?

Danielski:
yeah but also evidence right? Traceability and due diligence is all about evidence. and and international market actors have to be willing to buy as well but they have to do the work to do so. Because it is a lot of work and it is.. the issue because you working in a conflict area or a high risk area it is more costly to do so. So the gold from Congo right now is is a little bit more expansive so it is it is international actors just have to be willing to buy the gold and go through those extra steps to do so.

Jesse:
and do you think those international actors contribute enough at the moment to the supply chain?

Danielski:
well I think there is a lot of willingness right now. From an interest and there has been over the past view years and for example we work with small and medium sized actors like jewellers we have a great partner fair trade jeweller company in Toronto. We also have been worker with a refiner hoover and strong who has been buying gold the last couple … last few month or past year so there is a lot of interest in from small from smaller sized downstream actors I would say there is there is a real because we working with the artisanal mining sectors we working with small quantities of gold and so these these are actors that can handle these smaller quantities more easily larger actors are more hesitant to do so they operate with larger quantities on a daily basis or on a yearly basis. And so it is not as interesting for them these small quantities it also not as beneficial for them but it is costly these quantities as well so it is just it is there has to be yeah it its just getting everybody on board with what artisanal mining and gold artisanal gold exports from the DRC really need. It is a complicated process.

Jesse:
but is there is the just gold project currently creating enough revenue to keep on going or is it more difficult than that?

Danielski:
yes so how so we have we work with an exporter and we are selling gold so the exporter the cooperative sells to the exporter so we are just so something to is important to clarify, it is the cooperative that sells the gold to the exporter we just help facilitate the process and we just have a monitoring and capacity building role and then the exporter looks for buyers on the international market. Depending on the interest so we there so whether it is fair trade jewellery company or Hoover and strong or other international buyers so there is a lot of so I think there is room for growth and more buyers, there is definitely possibility but the cycle continuous but the just gold project is operating and de traceability and due diligence system is operating but there is definitely room for more downstream actors to to be engaged. as one of the issues we do have in this in the gold in the gold project is inventory financing gold operates in such a way were it is you have to inject money first to buy the gold at the mine site level. And that is one of the issues what we have is that ones you start getting into it its kind of like this catch 22 were to get larger quantities and higher yield of gold you have to be putting more money upfront so the downstream has to put in more money more inventory financing to buy the gold or and we are at the point were in the project there is getting significantly more possibilities for larger gold yield however it is like the cycle were you if you don’t have the ability to put in cash or larger cash there is no gold but you need cash to buy the gold

Jesse:
who dan brings the cash?

Danielski:
so it is the cooperative and the exporters so the cooperative and the exporter have contracts with each other so the exporter would also have contracts with the jeweller or with the refiner.

Jesse:
oke, and about the increase of taxes which just gold is generating for the government does just gold has a say in that how it is being invested, is there some kind of process?

Danielski:
so it is not an increase in taxes we just paying the legal taxes that are that are mandated by the government so what one thing what we do do as and

those go to different departments and they are payed by different departments we as IMPACT have also we work very closely on different on advocating for changes based on the evidence that we generating out of the project. For example one of the things that we found is we we advocate for changes for example on the tax code. We found that and to for example with specifically to decrease the amount of smuggling for example one of the things what we found is that exporters when you export gold under a certain amount taxes are over 20% while when you export under a certain amount the taxes drop to just a couple per cent so we have done a number of based on our experience with the just gold project and working with exporters we used their experiences to advocate for change within the within the the tax code and to also harmonise among the provinces and so that is part of our role as a non-profit.

Jesse:
oke but there is no influence that just gold can have on the taxes gained from mines and how the government is going to invest it.

Danielski:
well how the government there those that is set by the government whether it is the provincial or the national government because each certain line is set by and is supposed to go to a specific mining authority while we advocate for is for specific changes while it is for reduction or based on specific evidence within based on our experiences.

Jesse:
and how is or is just gold trying to increase the accountability of the government vis a vis the miners?

Danielski:
while what we do is we support the legalisation and formalisation of of of miner and traders so ensuring that we have been reckon with the provincial authorities to ensure that all the miners in the project are registered they have a miner card so a provincial miner card and so they are considered legal miners we work we have been working with the cooperative as well to be registered to to to be working in and to register essentially the mine sites that they are working with at the national level so it is considered an artisanal mining zone so they have legal authority to be working and mining in that area and so that was quite a long process so essentially those are just two examples of essentially legalising mining artisanal mining in that area and moving away from the informality of the sector.

Jesse:

oke but if we talk, I read some reports and what you see or what I read is that multiple state actors are receiving taxes from the mine sites however those miners do not see anything in return from those government institutions and is just gold playing a role in that to increase that accountability to the government from the miners?

Danielski:
well so so just to clarification just gold is just a project and the have a traceability and due diligence system, impact as a non profit we do different things so we as I said we have been working with the local ministry of mine officials and SEAMAPE for example to build their capacity and ensure that for example they are able to hold different types of workshops and that they are doing their work properly and so for example that that wherever there is training or workshops from that level that the the miners and that the beneficiaries that we are working with are included in those.

Jesse:
oke, sorry?

Danielski:
no go ahead

Jesse:
oh yeah oke so that exactly the training and SEAMAPE and other state officials?

Danielski:
yes so we work very closely at the local level as well as at the national level to essentially build the capacity of SEAMAPE and the ministry of mines we work very closely with those two authorities at the local level.

Jesse:
and what if there are incidence in the mines. What is than the process?

Danielski:
that is a great question, so we track we do incidence monitoring both on the supply chain as well as at the larger level just to track we do larger security monitoring within the region. so we any security incidence are reported immediately by the traders at the outposts as well as our staff or the cooperative staff have a responsibility to report incidences we track security incidence through a cloud based system so they are reported to us at the headquarters immediately with specific details and how there being .. who is involved and there is a certain level of information that has to be provided included steps taken to resolve it. We also track.. so that is anything to do with the supply chain itself we have quit a low level of incidents I would say and then if and then we track also security incidents within the community

at large so not necessarily that impacts the supply chain directly. We also track gender bases violence incidents. We work with a network of women miners and they are tracking any gender based violence issues and and risk to them in the community and so part of our reporting as well is to look at trans and in the community and at the impact that our work is having.

Jesse:
so when there is an incident is there some kind of multi stakeholder committee in which it is discussed or?

Danielski:
mm that is a great question. I don’t … I would have to provide a little… I would have to get some more information from my colleague who is in charge of the.. handling the security risks if that is something you are interested in. I believe how it works is that there is a discussion between the cooperative as well as our staff on the ground specifically our field office and our security lies on our security coordinator at head quarters and with all the information provided there is a decision made on how what next steps are needed and if further action needs to be taken.

Jesse:
Oké, those meeting are not a regular regular base? There has to be an incidence before these..

Danielski:
I believe they are on an incidence bases and then we have regular security check-ins between our field staff and our security coordinator

Jesse:
oke? But there are not much incidents you say?

Danielski:
no and they are reported as part of the traceability and due diligence system to any downstream actors as well.

Jesse:
oke because how is, has the socioeconomic situation for the miners improved since the project?

Danielski:
yeah so how we, how we do monitoring and evaluation we have an extensive impact monitoring. So we do not just activity monitoring but we also track impact monitoring. So we have been we do impact monitoring every six months we have been doing a third party does impact monitoring for us. A local community based organisation. Their name is ?savap? and so they go out in to the community and in with surveys and do random

sampling of the population both community and the miners. That can be different people or it can be the same people it is a random target selection based on many procedures and the survey is adopted to the local population so there is pretty extensive training period that goes into any m any questionnaire ahead of time so they they go in and do this every six month we are in I believe in our third or fourth period right now. So we have been so essentially what we do is we look at it is a pretty unique way to develop or to track impact. Essentially we have been looking at we have developed a unique way of we have a number of standard indexes that have been adapted to artisanal mining. Our them has been working on this for quit a while and essentially they are able to see the the type of whether livelihood have been improved women's economic empowerments is specifically one where we have significant improvement and specifically comparing between people registered in the project as well as within the community so so looking at the impact that the project really has had with regards as well to responsible sourcing efforts.

Jesse:
are these surveys publicly available?

Danielski:
I can share some of the results with you.

Jesse:
yeah that would be great. Because overall you could say that the income for the miners has been become more stable or has increased? Or is it..

Danielski:
I wouldn't qualify it as 'income has become more stable' I believe its there livelihood attainment has improved over time. However, what I could do is I could connect you with one of our many project managers and she could walk you through she could possibly walk you through, I don't know if it would be easier or to walk you trough the results, it is probably because it requires some interpretation so I will connect with her and see what is the best we to do it if that is something you are interesting.

Jesse:
yeah would be fantastic. because the just gold project is only active in green verified mines if I remember correctly?

Danielski:
yes exactly so only mines that are conflict free and have moved towards right now our artisanal mining zones. So they have to be both conflict free as well as have to have the ZEA designation.

Jesse:
and that ZEA designation you will get at the government level

Danielski:
yes, at the national level

Jesse:
but how than is just gold effecting the the conflict situation in in the DRC? Can you say..? cause it only is going to be active in already conflict mines but what about the conflict effected mines is there some kind of programme or process how to include those in the project?

Danielski:
yes so that is beyond our mandate, so we only work in areas that are conflict free already. We specifically chose these mine sites because they are conflict free. As an NGO we we will look at for example we will advocate we do a lot of research on issues where there is high risk and insecurity but we will not specifically do field operations in those areas. That is beyond the mandate of what the project can do. We cannot bring traceability and due diligence into a mine site.

Jesse:
of course but are you advocate at government level to act upon these mines to make notice that these mines are under rebel occupation or something like that?

Danielski:
yes because what we do is for example we do research on smuggling and so part a lot of what we do is actually on the illicit trade and how government actors how private sector actors can decrease smuggling and the illicit trade so for example taxation was one we just talked about so how can governments improve their taxation and fiscal reform policies to decrease smuggling. What are other policies that can be improved for .. what are how can like for example formalisation of artisanal mining is a big step in the right direct to decrease the informality that plagues the sector. And that makes artisanal mining such a such a big target for armed groups. So that is those are some of the things that we look at. We really look at the policy level, we do investigative research with regards to the illicit trade and how really what are the policies and actions that governments can take to really decrease illicit trade and and than prove supply chain transparency.

Jesse:
so that is the main aim on how IMPACT is trying to get the sector conflict free?

Danielski:

yeah and as well we work a lot at the community level, ones it is conflict ones there in areas that are considered conflict free like for example in the territory that we work in we work on ensuring that the natural resources are improving, developments that they are improving security at the local level and that they are contributing to security and peace and equality so we work a lot for example on gender equality issues bringing in women empowering women or or insuring that natural resources are contributing to women's economic empowerment and that has a lot to that has been a significant focus as well of ours within the community that we are working in

Jesse:
oké, very clear one of the question I was wondering what are the biggest challenges for the scheme it faces in the future?

Danielski:
so that is a good question, definitely one of the largest issues that we are always facing is interest from the downstream actors. It is one of our biggest hurdles to have enough interest and sustained interest from the downstream actors and form enough actors to continue to buy the gold. Inventory financing is a big issue, so that is it is just a constant battle that we have had. And and then yeah I think that is that is the main issue that we that we face.

Jesse:
so you kind of miss also they maybe you need some kind of campaign that activates the continuousness of buyers of gold to look at sustainable gold for instance or?

Danielski:
yeah it is on many different levels down from the consumer level and interest in the the the in buying responsible gold. One of the things that we have been working with fair trade jewellery companies for example is that there is no premium of any gold from the just gold project one of the things that we from the jewellery expect is fair-trade jewellery perspective is that they did not want premium because consumers are less likely to buy it. So they have looking at different models where they do not have to pass down the costs of the gold the increase costs of the gold from Congo onto the consumers. So how so it is kind of a redistributive model. So they have been looking for different models of that and we are fairly committed to try to work with actors to insure that the costs of the gold of Congo is not passed down to the consumers. It seems that it that it is just it is something because the gold is much more expansive for the refiner for the exporter for everyone involved, its its more of a challenge and actors have to be

committed to try to find a way where consumers will be willing to buy the gold. How do you do that without passing all that extra cost on to them.

Jesse:
oké very clear. Do you have some reports or other institutions that have done research at the just gold project because I could not find that much maybe because it is a new project.

Danielski:
yeah it is a new project, I think the only thing, I have seen recently is IPIS did an assessment of mine sites of something like that. If you haven’t seen it.

Jesse:
I guess I have seen it

Danielski:
oke that is the only thing I have seen. There isn’t that much out there yet so you will be, if you include it in your masters thesis you will be one of the first. That is why I was curious why you chose it. I think there are is there is discussions but there is still not a lot that has been written or officially in reports. But I will think about it and if I come up with anything I will let you now. I will pass it on.

Jesse:
oke would be great. Because what have been the best lessons from other programmes for just gold?

Danielski:
m that’s well, a lot of our work when that went in to the just gold project was based on our own research so we did a significant amount we have been doing research well well everything that had to do with diamonds and our work with the Kimberley process and and work with other supply chains and then we had been working with the ICGLR for years to apply the RCM and to develop the RCM and then we have been doing significant field research on the ground to understand how the gold supply chain works and how illicit trade in the region works of gold. Specifically in how gold is different from the 3ts and how gold is different from diamonds for example so most of the model is based on our own on our own field research and then ones we began the project we started like it was there was an initial pilot and in 2013 2014 and then the project itself began again in 2015 and there were adjustments always done that was an iterative model until we found something that works and could be applied properly to that we found that was successful and finally we were able to prove a chain of custody in 2017 so we we it was it was a little bit I would not say a trail in error method

but we continued to work with, we had very willing partners who were engaged with us and wanted to prove that you could export and you could mine gold responsibly responsibly from Congo. We were very lucky to be working with very closely with artisanal miners from gold who were very interested in that and traders as well so just trying to find a model that worked and and now we have been working to ensure that it is sustainable. So yeah.

Jesse:
so now it is focusing on how to sustain it or are there already plans to include new mines or is that already happening?

Danielski:
right now our focus is on our focus is on ensuring that the cooperative has enough capacity to carry out the work in the mines that that it has. So a lot of focus is on in building the capacity of the coop itself. And yeah. We are also just I should mention that we are in the beginning stages of, it is not on our website yet but we are also testing we will be we just going to start the just gold project in the Cote d'Ivoire, our next face is to ensure the replicability of the supply chain. and the model in a different context so taking it and working with the cooperative in a different context ensuring that it is replicable or enscalable in a different high risk area.

Jesse:
oke great to know, interesting. But that is still in the starting face.

Danielski:
we are in the process of working through mine site selection.

Jesse:
because that already some mining ministry or kind of SEAMAPE in cote d'ivoire.

Danielski:
does it has what sorry could you repeat that?

Jesse:
if it has already the same capacity like the mine ministry as the Congo has?

Danielski:
so there is a little bit of a difference in cote d'ivoire. It is quit a different context in cote d'ivoire. There is less political artisanal mining is looked at quit differently in cote d'ivoire. Artisanal miners are looked at, well in Congo you had when we were coming in there had been a lot of movement already to and understanding that you needed to move towards formalisation of artisanal mining and a lot of movement had been done towards that

potentially still that had to be improved and in cote d'ivoire artisanal mining is seen as very much illegal. So there is a significant challenge in working with the government to move towards that that understanding that you both need formalisation and artisanal miners bringing them in the legal sphere and than traceability and due diligence for your supply chain.

Jesse:
oke so that is a bit of a different process yet.

Danielski:
yes.

Jesse:
do you have any question left for me?

Danielski:
no, one thing that I thought I just mention is that we are quit different we the just gold project is not a certification scheme so I just wanted to make that distinction we do just because I know you looking at other certification schemes but we actually don't certify minerals we don't certify gold. the the gold is traced through the traceability and due diligence system and then in accordance with international regulations and regional regulations like so that it can be exported through in accordance with the regional certification mechanism which will certify the gold but we are not the ones that actually certify anything. So we have been implementing the just gold traceability and due diligence system which has all the information about the gold so we have we provide the evidence and others than can certify the gold itself.

Jesse:
and in that way they MAM place an important part right?

Danielski:
which one?

Jesse:
the MAM how do you say it? The maison the chat model?

Danielski:
yes the MAM the maison d'achat modele. So they are the ones that collect some of the information so they collect data on the gold so for example who is the one selling so who is the one that comes and sells the gold and who is this person and what they collect the transaction information about the gold which is than entered into a data base and then the gold is when it goes to the exporter has all that information along with it. And then that that information stays with the gold all the way to the exporter. Essentially to be able to prove where the gold comes from in accordance with regional

certification guidelines. Essentially you have to prove where the gold has come from and so when the exporter ones to take it out of the country and sell it that is when it would be certified as by the RCM. The government will be the ones that certify it.

Jesse:
yeah exactly oke clear.

Danielski:
oke.

Jesse:
then I had one last question because I tried to make an appointment with the DDI for the Kimberley process however they couldn't find the time to speak to me.

Danielski:
oke haha, oke

Jesse:
however then I realised that the IMPACT was previously the cooperating with Canada Africa so is there maybe someone at IMPACT who is knowledgeable about the Kimberley process and to who I can talk.

Danielski:
sure so that is probably still going to be me yeah I cant do that today so just so that you know we left in 2017.

Jesse:
yeah I know

Danielski:
but yeah I am happy to answer the question about the KP I thought you might some on this call but I am happy to answer anything. Yeah you might have, it is to bad that they did not had time to talk.

Jesse:
yeah they emailed me that they would be in contact with me shortly but that is a view weeks ago and I tried to mail them and called them but I don't know.

Danielski:
: yeah so oke I am happy to answer your questions I, most of our unfortunately a couple of our main colleagues who were working on the KP are no longer with us but I am the best person in their absence to discuss it with you. So why don't we, I have to hop on another call but why don't we just set up another, I send you the information about , I think about the

reports and whatever else I was supposed to, o yea results the IMPACT monitor results and then we can set up another call about the KP.

Jesse:
a yeah would be great, just e mail me when it is oke to skype again. I am available I guess.

Danielski:
oke great thanks jesse

Jesse:
oke by have a nice day

Danielski:
you too