



EITI reporting on artisanal and small-scale mining

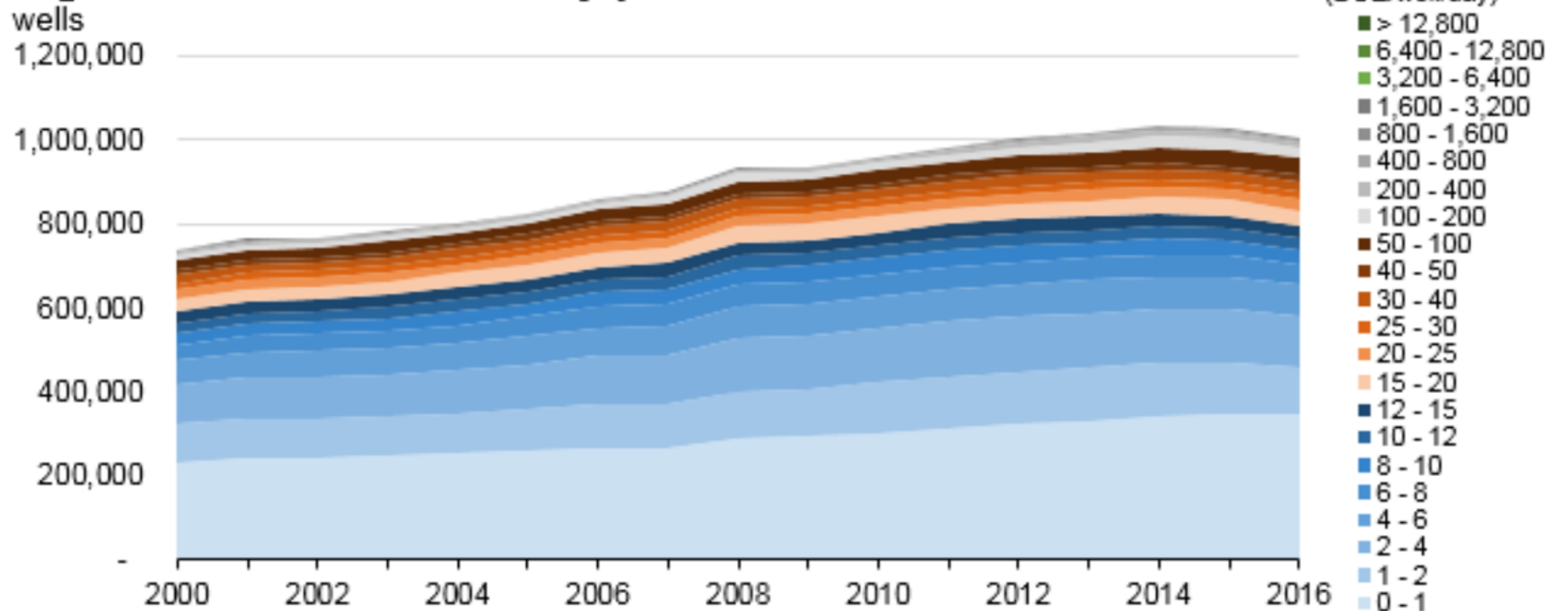
*Priorities for strengthening extractive sector governance,
Oslo, 5-7 September 2018*

Overview of the session

- EITI and the ASM, a brief recap.
- Potential outcomes, results and impact: *Panning for data: artisanal and small-scale mining (ASM) in EITI countries*
- *Connecting local ASM activities with multi-level regulatory frameworks* OECD presentation
- EITI country case studies: Ethiopia, Myanmar and DRC
- Q&A session and next steps.

ASM can mean many things....

Figure 1. U.S. total wells by production rate brackets



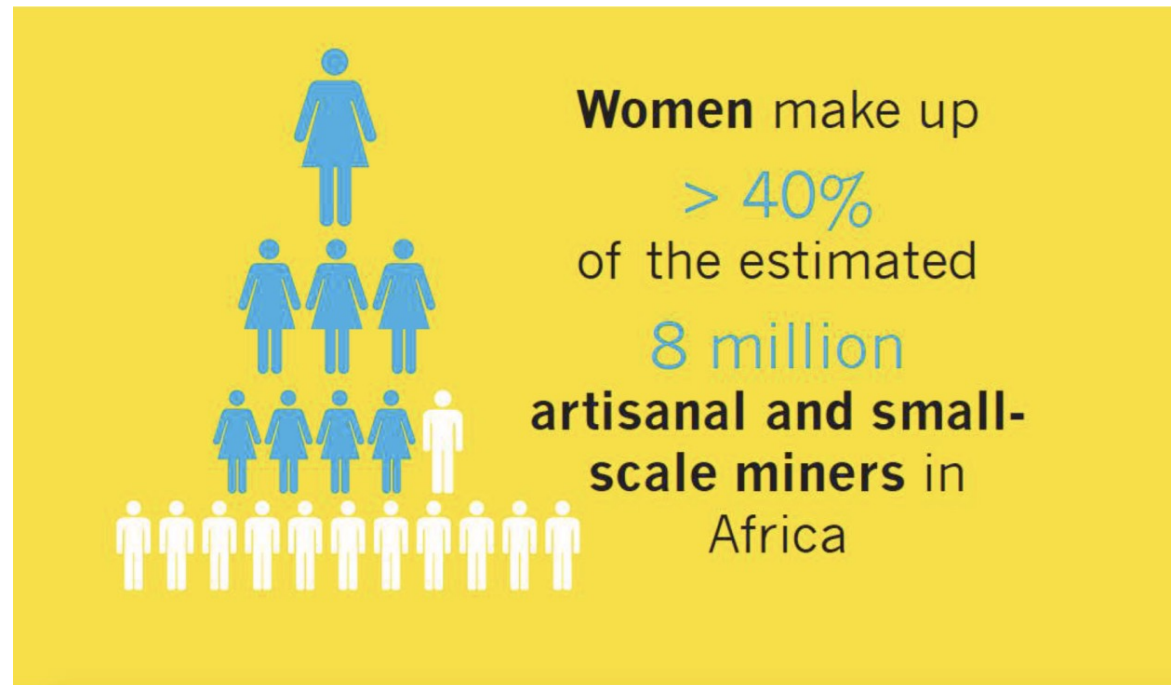
Source: U.S. Energy Information Administration

Artisanal/informal is more complex



Key governance challenges and potential

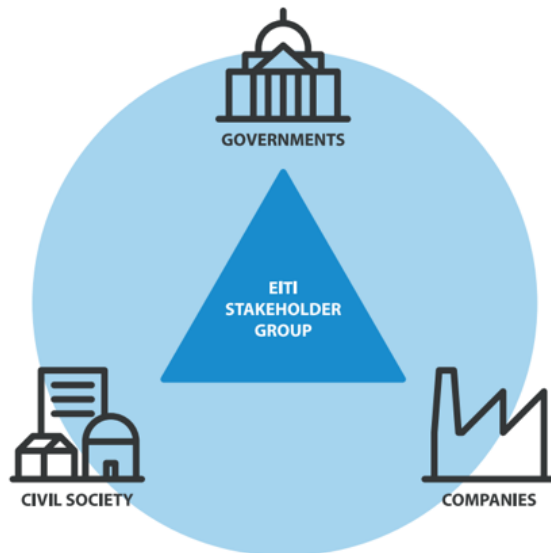
- Mineral smuggling can in some cases finance conflicts, illegal activities, lost revenues, harm to the environment....
- We also recognize that millions of people depend on this sector for their livelihood.
- Those people are often the poorest and most vulnerable.



EITI potential role in ASM

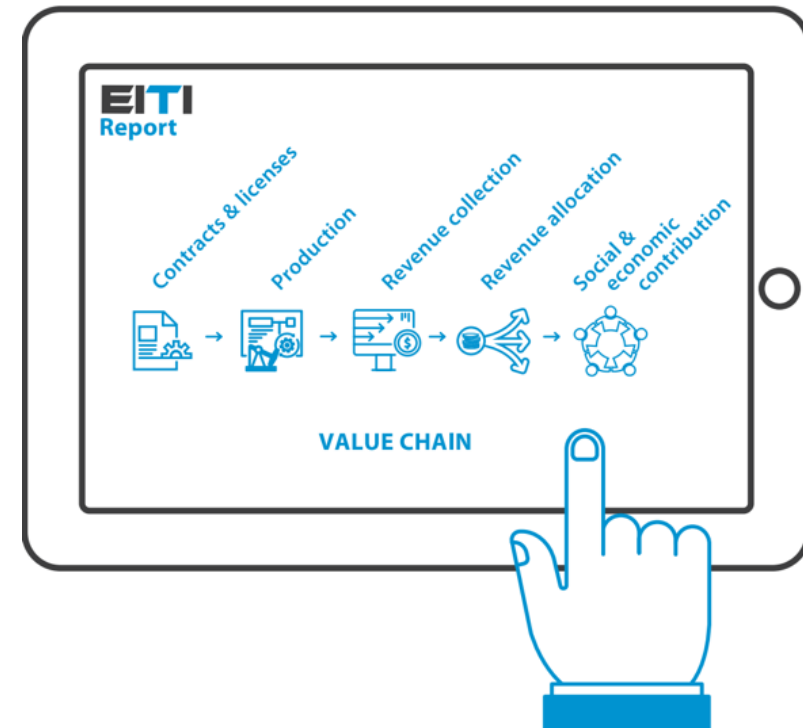
A space for dialogue

A national **multi-stakeholder group** (government, industry & civil society) in each country decides how their EITI process should work.



A source of reliable data

Key information about the governance of the sector is reported annually alongside **recommendations for improving sector governance**.



Coverage of ASM information in EITI reporting: key findings

- While many of the countries with significant ASM sector wish to use the EITI to address challenges related to ASM, few EITI countries have **clear objectives** for how to do so.
- **Engagement by key ASM stakeholders** in the EITI process is important for the EITI to be an effective platform for addressing ASM issues.
- There are **diverse practices** among EITI countries on disclosure of information related to the legal and regulatory framework for ASM.
- Disclosure of production figures, estimates of volumes and values of exports and government revenues from ASM are limited.
- Disclosure of estimates of employment figures are often based on old studies.

Panning for data: ASM in EITI countries

- Increasing transparency in the sector
- Contributing towards the formalisation of the sector
- Sparking public debate and providing platforms for discussion

Source: <https://eiti.org/document/panning-for-data>



PANNING FOR DATA
ARTISANAL AND SMALL-SCALE MINING
(ASM) IN EITI COUNTRIES

Ethiopia: Efforts undertaken on ASM

- More people than previously estimated are likely to be involved in ASM activities: Difference between government estimate (300,000-350,000 people) and report estimate (about 1.26 million people)
- The majority of ASM is informal: About 94% of the artisanal and small-scale miners are non-licensed
- Lack of oversight and poor management of licensed areas
- Gaps in the legal framework and significant need to improve enforcement of regulations related to ASM
- Significant potential for the government to improve its take of royalty from ASM production: Only 36% of potential royalties were collected in 2014
- Lack of consistent information about prices

EITI Ethiopia
Ethiopian
Investment
Initiative
Artisanal Mining Operation and
Its Economic Values, Ethiopia
A Final Draft Report



Ethiopia: EITI study on ASM

Table 9: Collectable and Actual Collected Royalty on the Use of Artisan Mining (Gold and Opal) estimated for 2014/15, in Birr

| | Regions | Actual Collected Royalty (a) | Collectable Royalty (b) | Loss to the government (c = a-b) |
|---|---------|------------------------------|-------------------------|----------------------------------|
| 1 | Oromia | 7,888,153 | 35,892,000 | 28,003,847 |
| 2 | BGR | 340,519 | 4,260,000 | 3,919,481 |
| 3 | SNNPR | 13,692,148 | 21,512,000 | 7,819,852 |
| 4 | Tigray | Na | 50,544,000 | Na |
| 5 | Amhara | 274,966 | 1,968,000 | 1,693,034 |

Source: (a) from Woreda/zonal offices of Revenues; (b) Own calculation, based on estimated volume of artisan gold production (Table 6) and average individual income from the opal mining per annum (Table 8).

Source: <https://eiti.org/document/ethiopia-eiti-study-on-artisanal-smallscale-mining-asm-sector>

Myanmar: Context

- Access to the lucrative gem-producing concessions is highly regulated with little room for formal ASM to take place
- However, Myanmar's gem-producing areas have many subsistence 'wastepickers' who are free to search mining company waste dumps for any valuable gem materials that may have been overlooked. This is unregulated.
- Gemstone value chain is slightly different. Rough trading and jewelry trading are hugely important

Myanmar: Where EITI could contribute

- Mapping gemstone producing areas where ASM takes place
- Determining how material are the payments from the ASM sector and how material revenues could be reflected in the report
- Include revenues from trading in the scope of the EITI process
- Subnational Myanmar EITI processes could help in data gathering and formulation of policies

The Democratic Republic of Congo

Tableau 4.3.2 : Flux financiers du secteur minier artisanal en 2013 et 2014

| Percepteurs | Type de flux financiers |
|---|--|
| DGI | Avis de mise en recouvrement (AMR A) |
| | Avis de mise en recouvrement (AMR B) |
| | Impôt sur les bénéfices et profits (IBP) |
| | Impôt professionnel sur les Rémunérations (IPR) |
| | Impôt exceptionnel sur la Rémunération des Expatriés (IER) |
| | IBP sur prestation des personnes physiques non résidentes en RDC |
| DGRAD | Redevance pour agrément des comptoirs d'achat - de vente des substances minérales (or et de diamant). |
| | Redevance pour acheteur supplémentaire. |
| | Caution des comptoirs de l'or et de diamant, des pierres de couleur et autres substances autorisées (exploitations d'un comptoir d'or, de diamant et de cassitérite) |
| | Quote part du Trésor dans la taxe rémunératoire. |
| | Droit d'enregistrement des dragues extractrices. |
| | Droits pour extension permis de recherche à d'autres substances. |
| | Taxe Autorisation d'exportation des produits miniers autres que l'Or et le Diamant. |
| | Taxe sur l'autorisation d'exportation des matières minérales à l'état brut. |
| | Taxe sur l'autorisation de minage temporaire. |
| | Frais de rémunération des services rendus par le SAESSCAM. |
| | Autorisation de traitement ou de transformation des substances. |
| Taxe d'extraction des matériaux de construction. | |
| CEEC | Taxe rémunératoire de 1% de la valeur à répartir entre les différents services intervenant pour les comptoirs. |
| Directions Provinciales des Recettes | Droits de la carte d'exploitation artisanale des substances minérales précieuses et semi-précieuses |
| | Carte de creuseur (Or, Diamant, Hétérogénite, Cuivre, Cassitérite, Coltan) ; |
| | Carte de négociant (or, diamant, hétérogène, cassitérite, cuivre, coltan) ; |
| | Carte de fondeur (Hétérogénite, Cassitérite, Cuivre). |
| | Taxe sur autorisation d'achat de Cassitérite. |
| | Taxe sur l'autorisation d'achat des substances minérales autres que l'Or et le Diamant. |
| | Amandes transactionnelles |
| Redevance annuelle caution et frais dépôt pour agrément comptoir. | |
| Autorisation de transformation des produits de l'exploitation artisanale. | |

Source: EITI DRC, 2015,
https://eiti.org/sites/default/files/documents/itie_ra_paudind_cadragcouverexp_loitmin_estrdrdc_1.pdf

* **KATANGA 2013**

| N° | Nom et Post-Nom | N° Note de perception |
|----|-----------------------------|-----------------------|
| 1 | BANZA KABILA NATHALIE | 24872 |
| 2 | NYEMBO NGOY BIENVENU | 24871 |
| 3 | LUTUMBA KADIMA ROGER | 24868 |
| 4 | YAV KALEND | 25857 |
| 5 | MITONGA KYOZI Gelardin | 24874 |
| 6 | KAZADI TSHIAMB Thierry | 24880 |
| 7 | LUMBU KVUNGU John | 27654 |
| 8 | ANGA NKULU Dorothe | 27669 |
| 9 | KABUNDI KAMI Alain | 27683 |
| 10 | MUTABA TSHIKALA Albert | 43414 |
| 11 | MWEMA NKULU OSCAR | 33832 |
| 12 | NDOMBE ALI ANTONIO | 33828 |
| 13 | HAMURI BUSHIRI BIN RAMAZANI | 33396 |
| 14 | MWANSA KATAYI ODILON | 50773 |
| 15 | JEROME NYEMBO MULONGO | 33835 |

Source : Divisions Provinciales des Mines

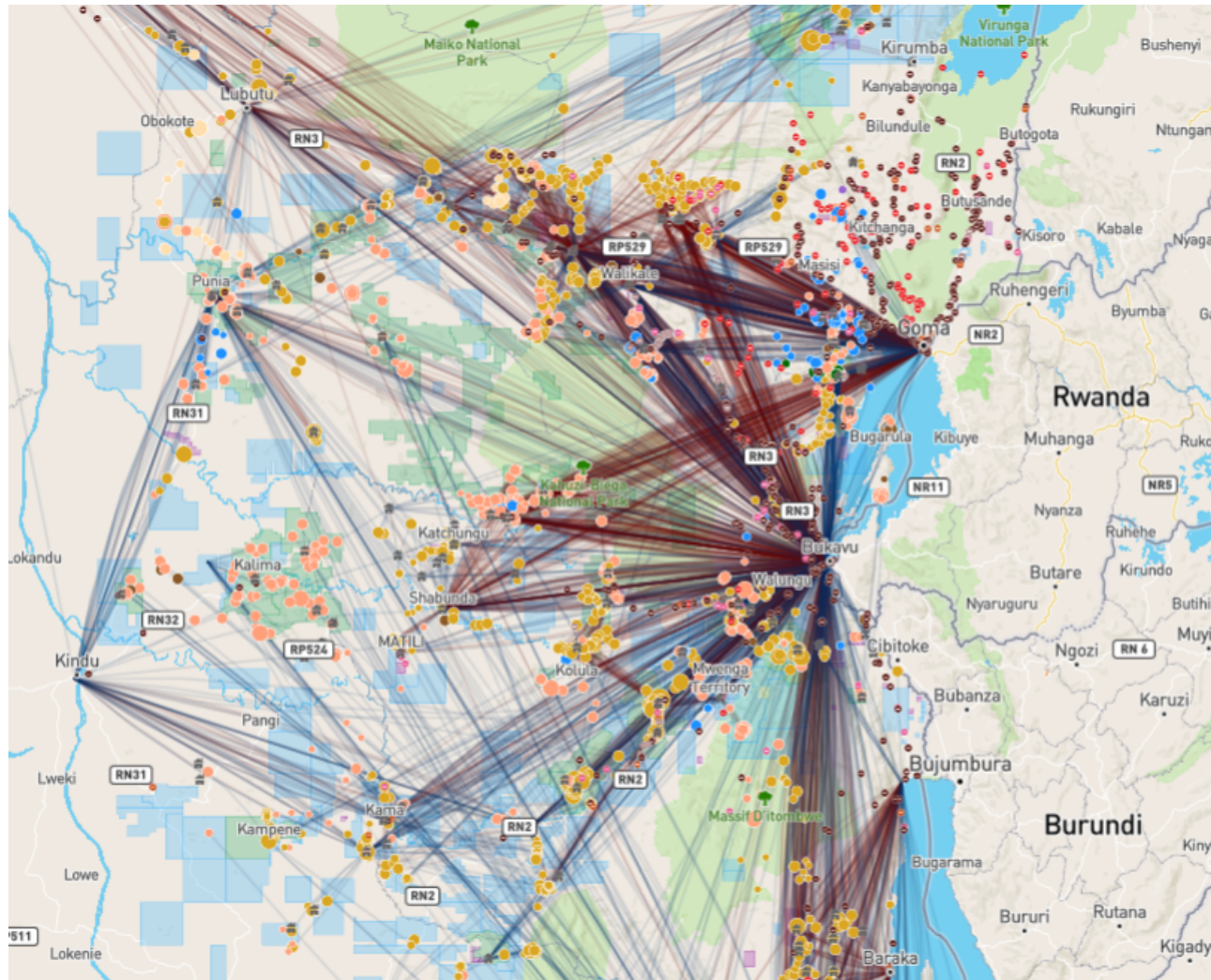
The Democratic Republic of Congo

Tableau 14 : Production totale de l'or brut en kilogramme au 1er semestre 2018

| | Production Industrielle | Production Artisanale | Cumul |
|----------------------|-------------------------|-----------------------|------------------|
| Janvier | 3 007,36 | 17,14 | 3 024,50 |
| Février | 2 600,26 | 15,02 | 2 615,28 |
| Mars | 2 898,16 | 11,40 | 2 909,56 |
| 1er Trimestre | 8 505,78 | 43,56 | 8 549,34 |
| Avril | 2 594,39 | 27,92 | 2 622,31 |
| Mai | 3 227,45 | 39,52 | 3 266,97 |
| Juin | 3 475,57 | 34,18 | 3 509,75 |
| 2e Trimestre | 9 297,41 | 101,62 | 9 399,03 |
| 1er semestre | 17 803,19 | 145,17 | 17 948,36 |

Source: http://mines-rdc.cd/fr/wp-content/uploads/documents/Statistiques/2018/STATISTIQUES_PREMIER_SEMESTRE_2018.pdf

The Democratic Republic of Congo



Source: IPIS, 2018,
<http://ipisresearch.be/publication/interactive-map-artisanal-mining-exploitation-eastern-dr-congo-2018-update/>

The Democratic Republic of Congo: Where EITI could contribute

- Compile what is already systematically disclosed by government agencies and partner organisations to make EITI reporting more comprehensive (legal framework, fiscal regime, licenses, overview of specific challenges and characteristics, production, exports, share compared to the industrial sector, contribution to the economy, social and environmental impact)
- Describe the different supply chains, including actors involved, highlighting specific challenges in collecting data and reporting on each commodity
- Create an inventory of local, national, regional and global initiatives working on mapping ASM, due diligence guidelines, responsible sourcing, etc...
- Provide a local hub and coordinating platform for these initiatives, including discussing policies for reform and formalisation of the sector

Questions for discussion

- Can the EITI do anything about these challenges?
- Should the EITI do anything on ASM?
- If so what?

Possible next steps?

- Conduct pilot projects with a country for comprehensive ASM disclosures, adding a due-diligence component to it (Burkina Faso with the OECD?)
- Support EITI implementing countries that wish to disclose more data about their ASM sector, including through:
 - Supporting the development of fully-costed work plans that identify clear objectives for how to use the EITI to cover ASM
 - Encouraging countries with significant ASM activities to consider undertaking scoping of ASM to help determine the extent to which the ASM sector is material
 - Innovative and thematic reporting
- Update the EITI Guidance Note 21 on the coverage of ASM under the EITI Standard: <https://eiti.org/document/guidance-note-on-coverage-of-artisanal-small-scale-mining-asm-under-eiti>
- Collaborate with global and regional actors to explore opportunities for EITI to contribute to ongoing efforts to improve transparency and accountability of ASM