



Supply Chain Brief: Ituri/Comalobani

This document is for use within consortium and with consortium partners with an NDA equivalent. It is a living document which will be kept regularly updated by the supply chain lead. It is designed to capture all the key data about this supply chain (from mine to export) in one place, including summarizing the story of the supply chain's development and of the upstream actors involved. It also summarizes the risks and mitigation plans. It is designed to give potential buyers of responsible gold the data they need to make business decisions about buying into the supply chain. It does not take the place of a CAP, a site scorecard or a monthly update. It should pull together the key parts of each of them into a comprehensive narrative. It is not for public use as it contains commercially and politically sensitive data.

Last updated: September 2021



Contents

1. PROJECT OVERVIEW.....	2
2. DOCUMENT SCOPE AND PURPOSE	2
3. KEY SUPPLY CHAIN HIGHLIGHTS : ITURI	2
4. LOCAL CONTEXT	3
5. COOPERATIVE AND PRODUCTION STATISTICS	3
6. FROM MINE TO EXPORT	6
7. SUPPLY CHAIN VISUALS.....	7
8. MANAGING RISK.....	9
9. DELIVERY PARTNERS.....	15
10. IMPACT.....	16

CONFIDENTIAL

1. PROJECT OVERVIEW

USAID's Zahabu Safi (Clean Gold) Project is an economic development initiative implemented in partnership with the United States Agency for International Development (USAID) in the Democratic Republic of the Congo (DRC). The goal of the project is to establish a conflict-free artisanal and small-scale mining (ASM) gold supply chain originating from eastern DRC. Launched in 2018, the five-year program builds on recent successes achieved by donor-funded initiatives to export responsibly produced gold to jewelry buyers in North America and Europe. The three primary objectives of the program are to:

1. increase demand for and co-investment in responsibly sourced ASM gold from eastern DRC;
2. increase exports responsibly sourced ASM gold from eastern DRC; and
3. improve the commercial viability of ASM gold cooperatives.

The program is being implemented by Global Communities in collaboration with Levin Sources, Better Chain and RCS Global Upstream Ltd.

This project contributes to the broader US government goal of reducing instability in the DRC – which has more than 1,100 minerals worth nearly \$24 trillion – by providing commercial opportunities to artisanal miners by linking them to responsible gold buyers in international markets, or by strengthening local partnerships between artisanal mining cooperatives and established institutional investors/anchor institutions within the DRC.

2. DOCUMENT SCOPE AND PURPOSE

The objective of this document is to provide USAID and key supply chain stakeholders with a contextual summary of the ASM sourcing operations that our project has been supporting over the last year (2020-2021), with the hope that potential buyers, and other downstream supply chain actors will opt to invest in artisanal gold being produced at these sites. **This document is not designed to provide detailed due diligence information or commercialization advice, but rather to provide sufficient information to invite buyers to start interacting and hopefully negotiating directly with our project-supported supply chain partners upstream (in DRC): cooperatives and exporters.** Our project will be available to arrange and facilitate negotiations between supply chain actors as need to support the transactions envisioned. We will also be available to support supply chain actors in troubleshooting or tackling specific trade bottlenecks, as well as identifying opportunities for additional investment (particularly at the cooperative and community level) in DRC.

3. KEY SUPPLY CHAIN HIGHLIGHTS : ITURI

Cooperative has long history of support from international donors and

The COMALOBANI Cooperative, operating in the Djugu territory has had long-term operational strengthening support from UK-based NGO, Peace Direct, via its local implementing partner Centre de Resolution de Conflit (CRC), which evolved out of a peacebuilding program for ex-combatants. Through a strategic partnership between our project, Peace Direct and CRC, via funding from the [European Partnership for Responsible Minerals](#), we are supporting them with risk identification and mitigation, as well as linkages to potential responsible buyers.

Experienced and active comptoir (exporter)

Comptoir (exporter) is one of the only active, legally registered comptoirs in the Ituri province. This comptoir has previously been cited in UN Group of Experts (GoE) reports, but has demonstrated commitment to working responsibly and is being transparent in reporting current export transactions.

Cooperative Formalization in progress

The cooperative is currently operating on land split between two industrial title holders (SOKIMO and MGM). DRC customary law requires an agreement between title holders and artisanal miners operating on the site for activities to be considered legitimate. The cooperative has an agreement with SOKIMO.

However, an agreement or Memorandum of Understanding needed between MGM (main title holder) and the cooperative to allow for a legitimate export.

4. LOCAL CONTEXT

In north-eastern DRC, Ituri Province has had to deal with decades of insecurity carried out by local illegal armed groups who are mostly formed along ethnic lines. This has led to periods of bloody conflict and tens of thousands of deaths as well as low-level insecurity. It has often triggered major displacement of populations. Mine sites have been targeted. Gold has played a part in financing this conflict. As of May 2021, a state of siege has been imposed by the Kinshasa government, establishing a military Lieutenant General as the Provincial Governor, with a view to carrying out targeted military operations against the armed groups.

Considerable volumes of gold produced across the province are exported illegally, usually over the border to neighbouring Uganda. Only one exporter is legally established and declaring all its exports. That same exporter was originally part of the Just Gold project but was eventually rejected as a counterparty by refiners, due to nervousness around the exporter having previously been mentioned in a UN GoE report. The exporter is keen to operate responsibly and to work with the Zahabu Safi project.

5. COOPERATIVE AND PRODUCTION STATISTICS

Mine:	La Grâce (1 of 14)	GPS Coords:	1.74188, 30.34424
Territory:	Djugu	Nearest village:	Lopa
Province:	Ituri	Cooperative name:	COMALOBANI

Brief history of the mine site and cooperative:

The Iga-Lopa mining area relates to mine sites operated and/or supervised by the *Coopérative Minière Artisanale des Orpailleurs de Lopa, Barrière et de Nizi* (COMALOBANI). Better Chain, the Project's due diligence partner for Ituri, have stressed the importance of such grouping as part of making the cooperative's intervention consistent across mine sites and warranting sufficient volumes. Our decision to focus on this area followed a standard pre-selection process, which resulted in Iga-Lopa being the most promising and safely accessible mining area in that tumultuous province.

In total, COMALOBANI is the locally recognised cooperative operating across 14 to 18 mine sites. It directly operates one of them (site called "Cooperative") and managers of the other 13 are cooperative members.

ID	Location name	Country	Province
LOC-CD0000487	Tout vient de Dieu	Democratic Republic of the Congo	Ituri
LOC-CD0000488	Jamal	Democratic Republic of the Congo	Ituri
LOC-CD0000489	Besial	Democratic Republic of the Congo	Ituri
LOC-CD0000490	Djolongi	Democratic Republic of the Congo	Ituri
LOC-CD0000493	Nguvu	Democratic Republic of the Congo	Ituri
LOC-CD0000411	Coopérative (Comalobani)	Democratic Republic of the Congo	Ituri
LOC-CD0000568	Budjakpa	Democratic Republic of the Congo	Ituri
LOC-CD0000506	Amani Bethlem	Democratic Republic of the Congo	Ituri
LOC-CD0000188	La Grâce	Democratic Republic of the Congo	Ituri
LOC-CD0000317	Moxi Tui	Democratic Republic of the Congo	Ituri
LOC-CD0000447	Bebelume	Democratic Republic of the Congo	Ituri
LOC-CD0000485	Texas usine	Democratic Republic of the Congo	Ituri
LOC-CD0000486	Surprise de Dieu	Democratic Republic of the Congo	Ituri
LOC-CD0000484	Tatsaaku	Democratic Republic of the Congo	Ituri

Figure 1: List of mine sites associated with the COMALOBANI cooperative as reported by Justice Plus in DataStake

Since 2017, Peace Direct and its local partner, Centre Resolution de Conflicts (CRC), have been supporting war affected people in Ituri, eastern DRC to produce more environmentally- friendly and ethical gold as a way of consolidating peace, protecting the environment and generating sustainable income.

Iga-Lopa presents interesting synergies as UK-based charity organisation Peace Direct’s manages the “Peace Gold” project in Iga-Lopa (currently funded by the EPRM, the most recent cycle of funding beginning in Feb 2021) and therefore aims to support the COMALOBANI cooperative to:

- access legitimate international markets;
- sell their gold through an export platform that supports traceability of conflict-free, responsibly-sourced gold;
- increase the productivity of the mines; and
- to support community development;
- to initiate the process of expanding the supply chain in collaboration with neighbouring cooperatives, SOKIMO, and in neighbouring territories.

The cooperative – COMALOBANI – is well established. The President and key members are keen to collaborate with projects to support formalization, including the USAID Zahabu Safi (Clean Gold) project. The cooperative has set up a community development fund which sets aside 1 % of traded goods in a Community Development Social Fund. This fund is administrated by the Social Fund committee, which consists of local representatives, COOP members, civil society groups and supported by CRC and supports the mining community. Members of the cooperative are from the Hema ethnic group.

Statistics:

Site status (RCM accreditation level)	TBD – anticipating an Regional Certification Mechanism (RCM) assessment visit since Nov 2019. Challenges to qualification have included legality challenges (mine site license) and the volatile security context.																										
Production levels (in kg per month)	Currently 3-4 kg per month.																										
Average purity of gold	Gold from Iga Barriere is usually sold at 90 – 92% purity (according to local exporter June 2021).																										
Average price per (international) gram. [NB: Not Kitchele gram]	96.5% LBMA at comptoir level (pre-export) USD 50.38 / g (90% Au) as of 23 Aug. 2021.																										
Membership [numbers]	There is no accurate record of the exact number of cooperative members. Justice Plus monitors and local information network have estimated the total number of workers at 1,122. USAID Zahabu Safi (Clean Gold) Project is supporting biometric identification for miners to help COMALOBANI establish a more accurate baseline of who is accessing their site, and who are affiliated members. <div data-bbox="853 728 1391 1153" style="text-align: right;"> <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Cooperative Member Distribution</caption> <thead> <tr> <th>Cooperative Name</th> <th>Number of Members</th> </tr> </thead> <tbody> <tr><td>Tout vient de Dieu</td><td>400</td></tr> <tr><td>Jamal</td><td>10</td></tr> <tr><td>Djolongi</td><td>10</td></tr> <tr><td>Cooperative</td><td>100</td></tr> <tr><td>Nguru</td><td>70</td></tr> <tr><td>Amani Bethlem</td><td>0</td></tr> <tr><td>La Grâce</td><td>70</td></tr> <tr><td>Mont Tsu</td><td>70</td></tr> <tr><td>Beteluma</td><td>80</td></tr> <tr><td>Texas usine</td><td>70</td></tr> <tr><td>Surprise de Dieu</td><td>40</td></tr> <tr><td>Tsalaku</td><td>0</td></tr> </tbody> </table> </div>	Cooperative Name	Number of Members	Tout vient de Dieu	400	Jamal	10	Djolongi	10	Cooperative	100	Nguru	70	Amani Bethlem	0	La Grâce	70	Mont Tsu	70	Beteluma	80	Texas usine	70	Surprise de Dieu	40	Tsalaku	0
Cooperative Name	Number of Members																										
Tout vient de Dieu	400																										
Jamal	10																										
Djolongi	10																										
Cooperative	100																										
Nguru	70																										
Amani Bethlem	0																										
La Grâce	70																										
Mont Tsu	70																										
Beteluma	80																										
Texas usine	70																										
Surprise de Dieu	40																										
Tsalaku	0																										
Number of pits	Better Chain implementation partners Justice Plus have identified and monitored 14 sites, one of which is now inactive. Accounts from Peace Direct partner CRC refer to 18 sites with 158 pits in its parameters.																										
Access to processing	Runs a mercury-free processing and washing station which it runs 500 meters from its Pole Pole site. However, mercury is still used in many instances due lack of familiarity with the equipment.																										
Top 3 Cooperative Performance Index findings	<ol style="list-style-type: none"> 1. Cooperative value proposition is not evident to associated miners. 2. Business management capacity is low. 3. Technical support (geologist support) needed to help reduce environmental impact, increase productivity, adopt best practices, and reduce the number of mining incidents. 4. Cooperative leaders not well versed in Universal Cooperative principles, mainly in aspects regarding members' democratic participation and control, plus community engagement. 																										





CPI INDEX SUMMARY						
	 01 Cooperative Fundamentals	 02 Membership	 03 Cooperative Management	 04 Production Quality	 05 Organizational Factors	% Average
	Members understand cooperative mission Cooperative has an action plan understood by members who have a share of control over the business	Members benefit from training Voluntary adhesion Cooperative incentivizes prolific members	Accurate record keeping, transparent business operation, strong reporting system. Regular auditing	ASM mining complies with standards, miners trained in production techniques, cooperative helps reduce production cost, proceeds of mining contribute to reducing poverty among members	Cooperative builds network of business partners, trains staff, emerges as a professional business company	
Board	2.1	1.8	N/A	1.7	N/A	1.86
Members	2.4	2.3	1.5	1.6	1.9	1.94

Figure 2: Scores from Cooperative Performance Index (CPI) baseline assessment. 1-poor; 4- Excellent

6. FROM MINE TO EXPORT

Potential Comptoir/Exporter:			
List potential exporters or ones we are considering in this supply chain and any relevant information about them.			
Name	Location	KYC completed?	Comment (NB more info in risk section)
MNM	Bunia	Yes	<p>Project supply chain partnership intake due diligence check conducted. (Available on request.)</p> <p>MNM have successfully compiled all information necessary to document the KYC process. As per BetterChain's Consolidated Autonomous Due Diligence (CADD) process, information on the counterparty has also been triangulated with other information sources (including Better Chain themselves).</p> <p>MNM is the only active, legally-registered comptoir in Bunia and keen to work with the project. Key challenges identified from the KYC process relate to shareholders of MNM, whose involvement in the gold trade extends beyond this comptoir (whereby MNM could represent an opportunity to legalise their engagement in the sector).</p>

			As of June 2021, MNM had started to compile information on their due diligence systems (OECD Step 1) and current supply chain, thereby granting unprecedented perspective on the gold trade in Ituri.
Bunia Hubs	Bunia	No	<p>Bunia Hubs is not yet established as a comptoir, but has been proposed as an alternative by shareholders in mine titleholder MGM.</p> <p>Bunia Hubs setup plans and other developments are being monitored by Better Chain.</p>

Storage/ aggregation point:

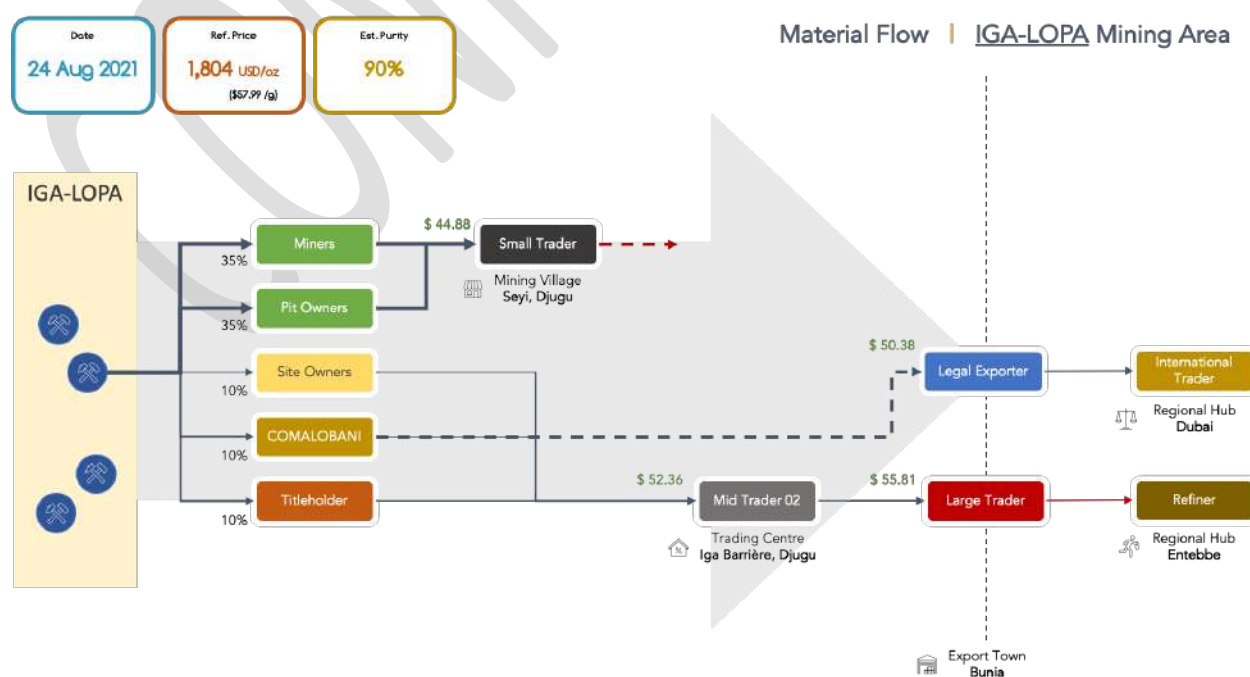
On current plans, likely to be Bunia, (TMB Bank) as the exporter is Bunia-based. But remains subject to the selected comptoir's commercial plans.

Point of export from DRC [airport/ border crossing and distance from mine site]:

MNM typically export via Goma. Some flights which connect internationally form the Bunia airport. Bunia is 90 mins drive away to Uganda, although that road is unsafe.

7. SUPPLY CHAIN VISUALS

SUPPLY CHAIN MAP





CONFIDENTIAL

8. MANAGING RISK

RISK PROFILE		
Key documents for every supply chain	Latest version	
BASELINE SITE SCORE CARD	September 2020	
SUPPLY CHAIN EVALUATION SUMMARY	?	
PEA SUMMARY AND POWER MAP	Feb 2021	
CORRECTIVE ACTION PLAN (CAP) SUMMARY	August 2021 (available via DataStake)	
CONFLICT ASSESSMENT FOR SUPPLY CHAIN	To be completed Oct-Dec 2021	
GENDER SENSITIVITY ASSESSMENT	To completed Feb 2022	
Site and cooperative	<p>The story of supporting ex-combatants reintegrate into civilian life and finding sustainable and productive new livelihoods is a compelling one, especially in a part of the country where armed conflict continues daily. But the work which Peace Direct and CRC have done in the past 4 years has built a solid base and strong cooperative model. The strong relationship between CRC and the cooperative allows for a good level of transparency and understanding of cooperative and local dynamics.</p> <p>The Ituri provincial government is supportive of development of a legal local ASM gold market.</p> <p>Parts of Ituri province remain insecure and ethnic conflict remains a risk across this province. Armed groups are active in the area. But a strong and formal ASM mining operation should bring with it more security, including from Police de Mines, and assurances from the provincial government.</p> <p>Discussions around mining rights at the site are on-going given a legal dispute over registered ownership between private and state-run mining companies (MGM and SOKIMA). See legality section below for more detail.</p> <p>Zahabu Safi partner CSO Justice&Plus(AIS) continuously collects information through field visits and their network of Local Information Relays, meaning that any incident can be immediately reported along the supply chain. Discussions underway to incorporate monitoring by other active international partners into due diligence reporting. As of August 2021, the Provincial-level monitoring committee has been re-established and is still operational.</p>	
	Baseline OECD process risks identified Feb '21	Progress by: August '21
	No supply chain policy (1.A)	Supply chain policy to be adopted. Its content and other management systems progressively reported on (via DataStake)
	No internal due diligence capacity (1.B)	
No chain of custody records (1.C)	Dedicated due diligence staff	

	No supplier engagement towards DD (1.D)	60% completion of KYC report
	No grievance mechanism (1.E)	Compilation of key documentation (incl business registration, export license, status, proof of payment of fees) Proactive engagement with suppliers to uncover gold origin (40 identified potential suppliers and 26 mine sites of origin
	No process to identify, assess and manage risk (2, 3)	
	Receiving refiner unknown (4)	
	No due diligence reporting (5)	Documentation of one export by BC Open door to local civil society actors for assessment.
	OECD wider risks	Progress by: [Insert date] Feb 21
	Smuggling / fraud	Shareholders mentioned in past reports from the UN GoE. But increasing transparency.
	Procurement of gold from illegal sources	No alternative currently exists
	Money laundering	Currently 100% cash transactions, unspecified origin of funds but willing to work more transparently
Storage and Logistics <i>[potential risks observed from our monitoring]</i>	TBD – transaction framework being developed by Peace Direct, in conjunction with BC and GC.	
Security <i>[Ongoing military operations, presence of active armed groups in the area. Links to</i>	Etat de Siege in Ituri for 30 days from early May 2021. FARDC military operations carried out in Djugu territory from 14 May, targeting local armed groups. Ituri : l'armée neutralise 38 miliciens en 12 jours Radio Okapi RDC : l'Ituri compte environ 12 groupes armés actifs Radio Okapi	

<p>relevant media reporting.]</p>	
<p>Legality</p>	<p>This cooperative is mining on concessions owned by MGM and SOKIMO. They have informal agreement with SOKIMO (to whom the site was subcontracted) to operate there. But no formal agreement from MGM. As of June 2021, CRC, Global Communities and Better Chain are supporting the cooperative and MGM to start negotiations on the terms of an MoU. Discussions are happening in Bunia and Kinshasa. No major obstacle has been reported as regard the possibility of having MGM and COMALOBANI working together.</p> <p>As of June 2021, COMALOBANI is not accredited at national level. However, Global Communities is working to accompany COMALOBANI in their efforts to get national accreditation as ASM cooperative. Ideally this effort should end in the cooperative getting approval to operate on the ZEA (area dedicated to ASM mining activities), but since much of its activities take place in an area covered by exclusive mining permits, this will only be possible if the title holder of the permits clearly agrees to waive their rights on the areas targeted for the establishment of a ZEA. This is not yet guaranteed.</p>

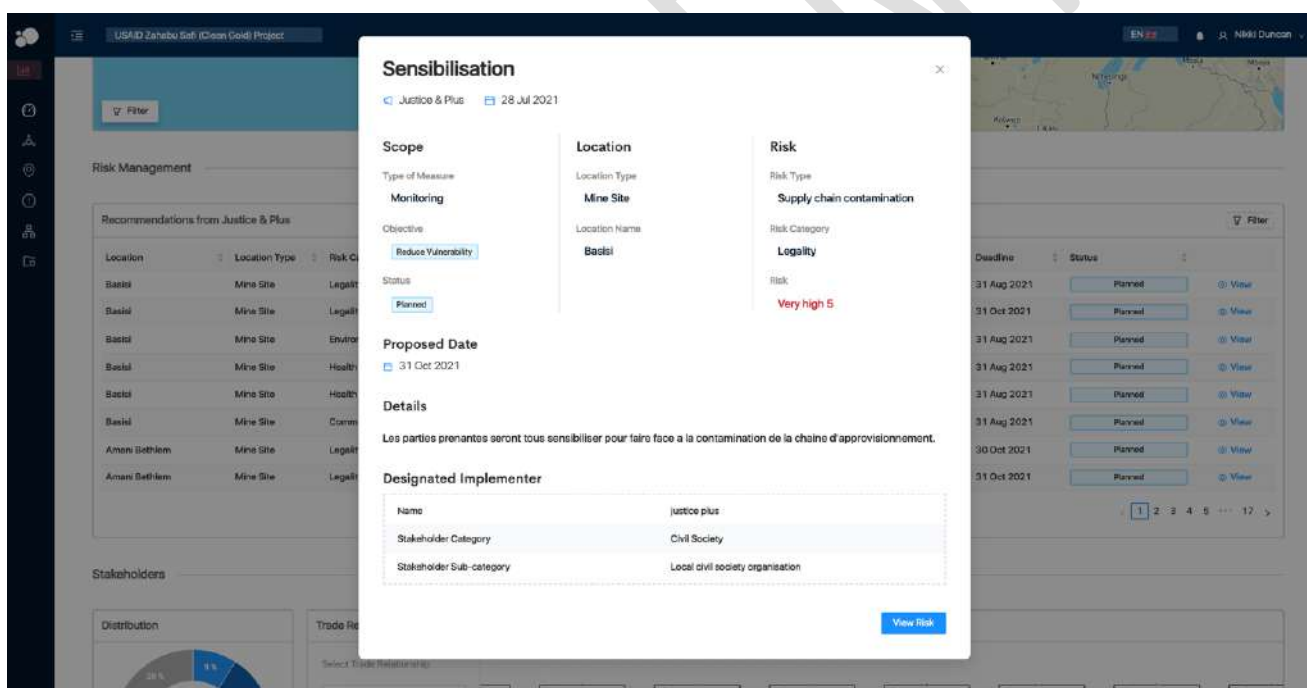
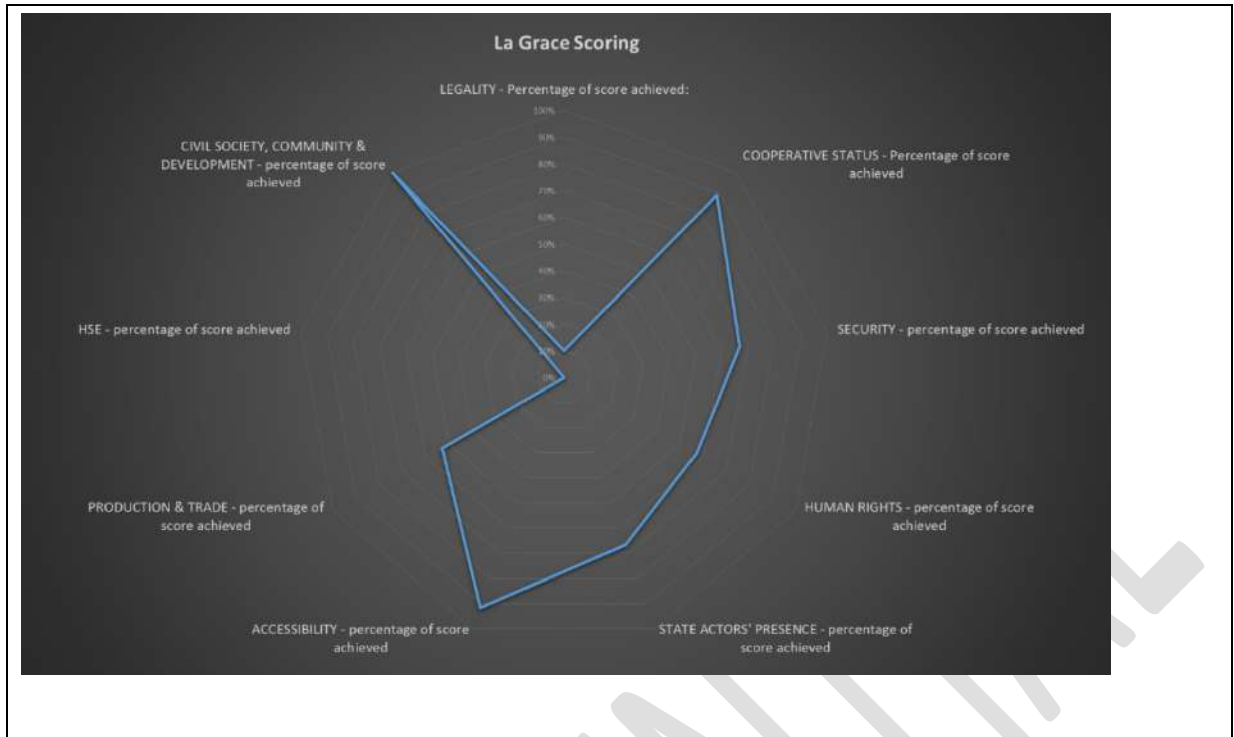


Figure 3: Local-led risk management and mitigation planning in DataStake.

SITE SCORECARD

<p>DATE COMPLETED</p>	<p>SEPT 2020</p>
<p>La Grace</p>	
<p>Total score: 60% out of 100% CVCFG Site Selection Explanatory Note_FINAL.pdf (globalcommunities.org)</p>	



CONFIDENTIAL

POWER MAP AND POLITICAL ECONOMY ASSESSMENT (PEA) SUMMARY

POWER MAP	LATEST VERSION:	FEB 2021
------------------	------------------------	-----------------

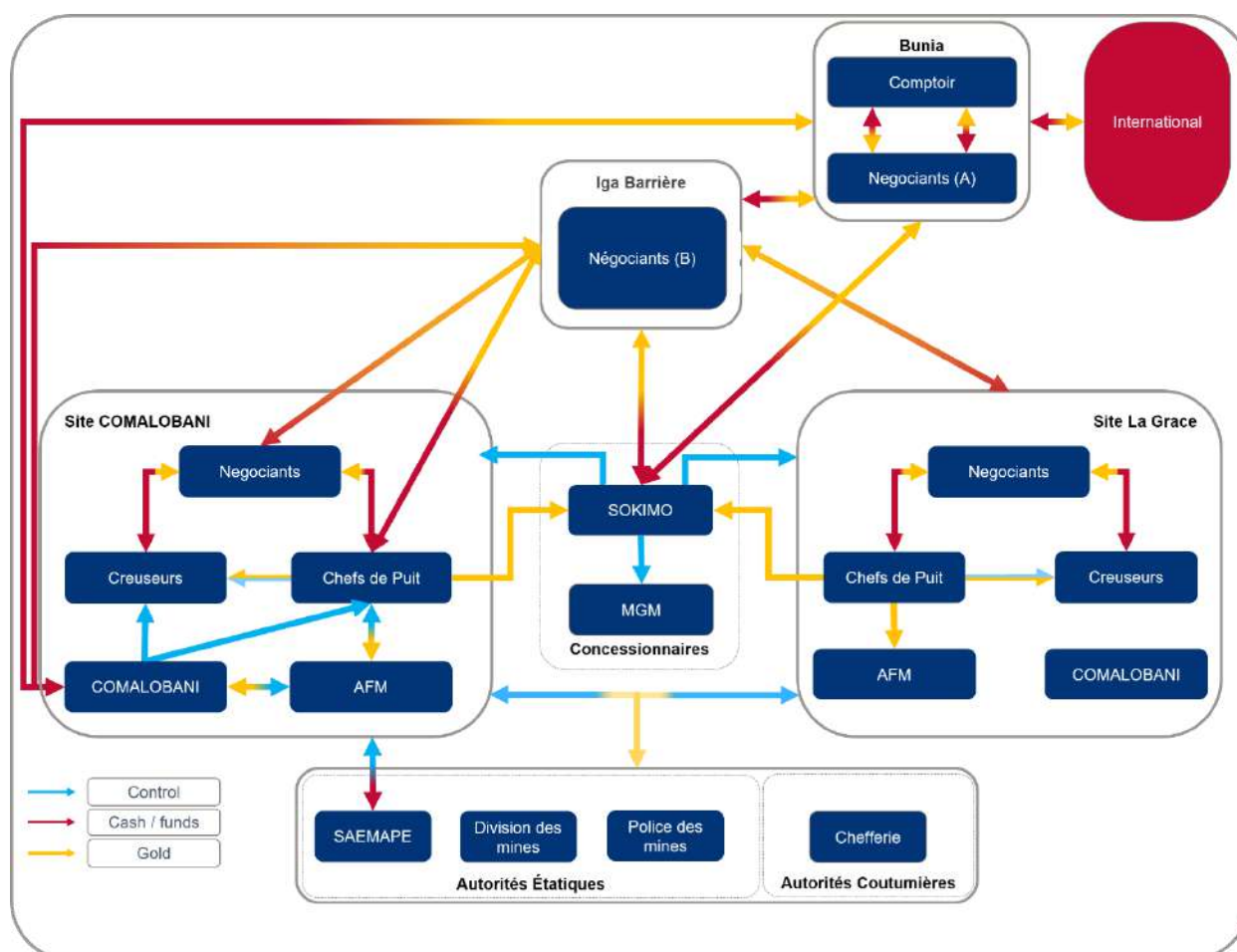


Figure 4: Representation of flow of gold, finance and influence between actors at Iga-Lopa sites, Feb 2021

Extract from PEA conducted by the project in Feb 2021

Cooperative

The cooperative overseeing activities at the Iga-Lopa sites in Ituri is COMALOBANI. The cooperative is made up of 23 founding members, of which 6 are women and 17 are men. Founded in 2016 under the name COMAPOL, the cooperative originally focussed only on mine site in the Lopa area. In 2019, the cooperative's name was changed to COMALOBANI to reflect a desire to expand their influence to Nizi and Barrière.

Unlike at the South Kivu sites described above, COMALOBANI does not have the same level of influence or control over the activities at the mine site, and seems to represent mainly an entity that acts to formalise the activities at the sites in alignment with DRC law. Reports suggest that the cooperative has very close links with and may well be de facto controlled by Société Minière de Kilo-Moto (SOKIMO), a Congolese parastatal mining operator. The cooperative reportedly describe themselves as SOKIMO's 'partners'. Moreover, the President of COMALOBANI is also the SOKIMO chief at the local level in the area.

The reported overall objective of COMALOBANI is to control the mine sites in the areas of Lopa, Iga and Nizi. The extent of their control at the present moment is limited, but they are working to grow their influence in the area. The way in which COMALOBANI can gain control of a site is by forming an affiliation with the AFM (See Production Actors below) of that site. Currently, there are between 7 and 13 AFMs affiliated with the cooperative to varying extent, out of a possible 30 in the area [24, 30]. At some sites, like the COMALOBANI site, the AFM is 100% affiliated to the cooperative – the cooperative has placed one of their own as AFM on this site. At other sites, such as La Grace, the AFM has expressed a willingness to be affiliated with the cooperative.

In terms of financial benefit accruing to the cooperative, these seem to differ on different sites overseen by the cooperative. At the COMALOBANI site, 30% of the production of each pit is taxed, of which 10% accrues to the cooperative (through the AFM, who is a member) (see Figure 7). At other sites such as La Grace, it seems that the cooperative receives no regular share of the production, but that the AFMs sometimes provide a part of the production to the cooperative on a voluntary basis. At the Cooperative site, COMALOBANI also reportedly own a concasseur which is used by the miners for a fee.

Production actors

There are four categories of production actors that may be present at any given site, and they have a well-defined hierarchy, namely: 1) Administrateurs de Foyers Miniers (AFM); 2) Chef de Puits or “Pit Bosses”; 3) “Creseurs” or Diggers; and 4) Transporters.

Administrateurs de Foyers Miniers (AFM) or “Pit Managers” are considered owners of the wells. They are the ones who incur all the expenses associated with product and ensure the link with the cooperative. They are ultimately responsible for the production that comes out of the well.

Chef due Puit or a “Pit Boss” work for the AFM and oversee daily work. There are occasions where an AFM owns several pits on the same site, so s/he places a person called a “Pit Boss” at the pit, who supervises production in that pit and will monitor movement from pit to the washing station.

Diggers are workers at the pit, they are the ones who extract the minerals from the earth. The number of diggers per pits is not defined. They take turns as they go deeper in the pits.

Transporters are workers who wait at the edge of the productive wells to be able to transport the packages taken out of the wells and to cover the 1.4 km which separate the hill from the washery.

Specifically, the production operations at the Iga-Lopa sites are comprised of: creuseurs, chefs de puit and Administrateurs de Foyers Miniers (AFM).

AFMs in Ituri have traditionally occupied the position at mine sites that is now often occupied by cooperatives – they are the overseers and owners of a site and are in charge of the activities that take place on a particular site. In return, they receive a cut of the production. They also act as agents for the collection of taxes from concession holders, in this case SOKIMO. However, since the introduction into law of the requirement for ASM to be conducted/ overseen by a cooperative in order to be legal, **AFMs have found their role somewhat replaced by that of cooperatives. Cooperatives such as COMALOBANI aim to affiliate existing AFMs to themselves in order to take over monitoring of the sites controlled by those AFMs.** In practice, this has happened to varying degrees, depending on the willingness of existing AFMs to affiliate themselves with a cooperative. At the Cooperative site in Iga-Lopa, the AFM is a fully affiliated member of COMALOBANI. At La Grace, the AFM has expressed a willingness to become affiliated with the cooperative but is not yet fully affiliated. Other AFMs in the area are reluctant to affiliate themselves with the cooperative, likely out of a lack of perceived incentive. It is likely that AFMs who already hold a considerable amount of influence and have strong relationships with SOKIMO do not see the benefit of becoming affiliated with the cooperative.

The majority of the production actors come from nearby areas, including the villages of Balabala Mont Tsi, Ngid’ie Lopa, Nizi and surrounding villages. Given that the sites are located in the Bahema Baguru

chefferie, almost all the production actors are Bahema, mixed with some Gegere. It is reported that a significant number of the actors operating at the Iga-Lopa sites are ex-armed group members [30]. Given this history, it should be taken into account that their current involvement in ASM may be acting as an incentive not to return to armed group involvement. Should their activities be significantly disrupted or should they become marginalised by any interventions, these could act as possible incentives for them to leave ASM and become involved in armed group activities once more. The project must consider, in collaboration with other civil society and project partners, the potential impacts on ex-armed group members of any of its planned interventions.

As in South Kivu, production actors are generally remunerated according to their share in production. At the Iga-Lopa sites, production is generally distributed amongst for key stakeholder groups – the chef de puit, the creuseurs, the AFM and SOKIMO (see Figure 7). The chef de puit is generally allocated 35% of the production, which they can use to pay off any pre-financing debts that were accrued in the production process. Chefs de puit are often pre-financed by local business people, and normally in relatively small amounts (a few hundred dollars). This money is repaid, plus interest, when the pit becomes productive [30]. A second 35% is shared between the team of creuseurs. SOKIMO receives 20%, often collected by the AFM and passed on. The AFM generally receives 10%. Where the AFM is affiliated with the cooperative, the 10% that goes to them is given to the cooperative. Where this affiliation is not yet in place, the AFM may sometimes give some of their production to the cooperative

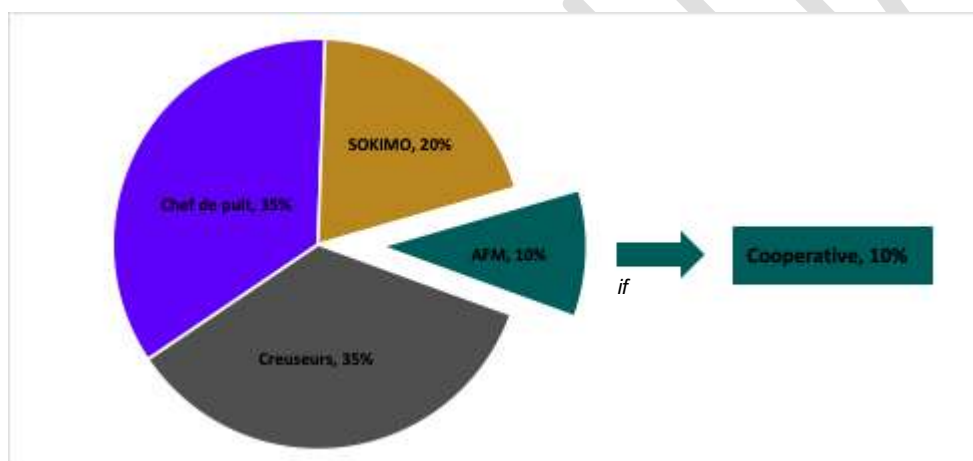


Figure 5: Typical example of distribution of production benefits at Iga-Lopa

on a voluntary basis, but it is not a regular arrangement [23, 24].

Involvement of Chinese operators in Ituri

One dynamic to be aware of in the ASM sector in Ituri is the involvement of Chinese operators at some ASM sites. The involvement of Chinese companies sourcing minerals without conducting due diligence and allegedly sourcing from conflict-affected areas in the DRC has been highlighted in a number of reports, including UN Group of Expert reports (see e.g. IPIS 2012). There have also been reports in the past of significant involvement of Chinese operators on parts of SOKIMO's concession in Djugu, conducted semi-industrial river dragging (Mthembu-Salter et al. 2015). Currently, respondents reported trends of Chinese operators affiliating with ASGM cooperatives in Ituri, operations that are characterised by poor labour conditions and exploitation ([23] (Mthembu-Salter et al. 2015)). The majority of the gold is likely smuggled out via Bunia. Whilst there is no reported involvement of foreign operators at the Iga-Lopa sites, the project should keep a close eye on this dynamic, as it may become relevant to the project if it conspires that any other supply

9. DELIVERY PARTNERS

Other partners:

List potential partners (e.g. international NGO, local implementing partner, private sector partner, other USAID program or current partner programme (e.g. Madini)

Partner Name	Relationship	Comment
Peace Direct	Main project partner, running an EPRM-funded peace building and reintegration project	Current 3-year project running from Feb 2021. Focused on peace building, sustainable livelihoods, and responsible gold sourcing (especially reduction of worst forms of child labor and mercury usage). 2017: Phase 1: Grant from GHR Foundation approved 2020: Phase 2: EPRM approved
CRC (Centre Résolution de Conflits)	Main implementing partner for PD since 2013	Based in Bunia. In depth local knowledge and understanding of conflict dynamics. The relationship began with a series of workshops held 2013 in Bunia with support from Peace Direct, with ex-combatants who have now formalised the 2 cooperatives in LOPA and KOBU.
TMB	Provision of vaulting facility, escrow accounts for buyers and secure place for transaction to take place	Currently under discussion between Peace Direct and TMB. TMB and Global Communities agreed in principle to sign an MOU.
International Alert (Madini)	Establishing local monitoring committees	Dutch-government funded. Security-focused. ZS has an MoU with Madini. USAID project to tackle SGBV-UK FCDO project to mitigate modern slavery risk
USAID	Peace and Security Office projects to tackle SGBV in Ituri.	Discussions June 2021 in Kinshasa between CoP and US Embassy Peace and Security Office.
UK FCDO (Kinshasa)	Project to develop indicators of modern slavery	Project ran Jan – March 2021. https://medium.com/betterchain/sitting-on-a-gold-mine-of-information-modern-slavery-in-artisanal-mining-a61406873f5

10. IMPACT

What has been achieved along the supply chain to date: [short narrative with AMELP indicators where possible and results as they are being achieved]

Directly:

- Identification of key supply chain participants (exporter, and potential refiner with interest to purchase).
- Potential supply chain finance mechanism under development in partnership with local bank.
- Support from Global Communities, Better Chain and CRC/Peace Direct has brought the cooperative closer to agreeing legal status with those who own the ultimate legal rights to the site. Project partners have facilitated conversations.
- Capacity-building activities in tackling modern slavery (co-financed by UK-FCDO)

Indirectly (through other partners):

- Reduction of presence of the worst forms of child labour at the site. PD/CRC developed a plan to reduce child labor on the site and a plan of action when a child is spotted on site. Since the beginning of the programme, CRC have rehabilitated 140 children from the location of the mines back to schooling. However there limited incidences reported of children on the mine site, in the May 2021 CAP.

What we hope to achieve:

In the next 3-6 months:

- Mutually beneficial cohabitation relationships between COMALOBANI and the two concession title holders within whose perimeter they are operating.
- Regular, responsible exports from this site to responsible international buyers.
- Sustainable supply chain investments in secure transportation and logistics and long terms due diligence support by mid and downstream supply chain actors.
- Application of CRAFT framework to document continuous improvement in supply chain risk management and mitigation.
- Strategic partnerships for prevention of worst forms of child labor on the COMALOBANI-managed sites.
- Regular use of the mercury-free processing equipment which they have access to (provided by previous round of GHR Foundation funding under the Peace Direct project).
- Improved cooperative governance and revenues from responsible sourcing of ASM gold.

In the next 2 years:

A sustained commercial relationship between project-supported supply chain actors within this supply chain that can finance itself through investments by supply chain actors at all nodes of the chain once project infrastructure is gone by December 2023.