The Impact of COVID-19 on Artisanal Gold Miners in Eastern DRC

USAID’s Commercially Viable Conflict-Free Gold Project, known locally as “Zahabu Safi” is a five-year program, implemented in the Democratic Republic of the Congo (DRC) by Global Communities and Levin Sources. The project is designed to build on recent successes achieved by donor-funded initiatives to export responsibly-produced gold to jewelry buyers in North America and Europe.

Introduction

Zahabu Safi participated in and co-financed a data collection exercise on the impact of COVID-19 on ASM communities in eastern DRC as part of worldwide initiative lead by Delve. Delve is a global online data platform on ASM, funded by the World Bank. Delve launched a global data gathering exercise in May to monitor and record specific COVID-19 impacts on the artisanal and small-scale mining sector. It aimed to provide regular snapshots on specific ASM geographies on the impacts of COVID-19 on: (i) markets & supply chains; (ii) health and safety; (iii) food security; (iv) government engagement & service delivery; (v) human security (in select geographies); and (vi) gender. Information and data captured are featured on the Delve website. It is envisioned that this data will be used to inform medium to long-term responses to ASM following COVID-19.

The data collection provided insights across the six thematic areas providing an initial picture of how the COVID-19 pandemic has impacted ASM communities in those provinces. Interviews with miners and key stakeholders present a mixed picture. The pandemic has resulted in ASM communities facing challenges in accessing basic needs such as food supplies, and has also highlighted the limited support services being provided and lack of suitable measures to prevent the spread of the virus in the ASM sector. Key findings summarized in this briefing include:
• Access to food became increasingly challenging for families in ASM communities. Food insecurity increased especially for those depending on imported goods.

• COVID-19 appears to have had limited impact with respect to gender dynamics and security in ASM communities and around mine sites.

• The ASM gold supply chain has been disrupted by a number of factors including a decrease in the local price despite an international increase in the gold price, closure of borders limiting access to equipment and actual gold trade, overall reduced access to financing and inputs for gold production.

• Despite the supply chain disruptions, the illegal gold trade has continued as illicit traders were able to keep smuggling gold using other essential good trucks.

• Some awareness-raising communication has taken place, however practical assistance and the governmental response in ASM communities were limited.

• While preventive measures have been suggested and communicated in ASM communities, many of these have proven to be impractical and unfeasible for the ASM sector, leaving miners and other stakeholders with limited opportunities to take preventative steps.

• Respondents suggested trust in the government response and reporting around the COVID-19 pandemic was limited.

Methodology

Timeline and scope

Zahabu Safi’s data collection took place from May 25-July 31, 2020. The collection addressed 26 artisanal and small-scale mining sites (ASM) distributed geographically as follows: 14 sites in South Kivu, 8 sites in Haut Uele and 4 sites in Ituri. We also conducted key stakeholder interviews as follows: 7 for South Kivu, 3 for Ituri and 2 for Haut Uele province.

Data collection and reporting

The Delve team provided a resource guide for all data collection partners, which covered data collection protocols, reporting mechanics and other key information to help standardize the process across all collaborating organizations. Members of Zahabu Safi’s local team with experience in the artisanal mining sector in DRC carried out the data collection exercise, and administered the survey instruments developed by Delve through Kobo Toolbox to ensure standard reporting across various initiative partners. Data collected using the Kobo Toolbox instrument will be reported at sub-national level (district, state, etc.) through Delve country and COVID-19 related pages on the Delve website.
Key Findings

Key findings from the data collection activity and stakeholder interviews are presented below.

Food insecurity on the rise in ASM communities dependent on imported food

Food insecurity was observed as one of the most significant impacts of the COVID-19 pandemic in the provinces where the data collection took place. Families and communities depending on imported food experienced the worst impacts, but several reasons have been cited by participants to explain the increased food insecurity, in particular:

- Reduced income in ASM communities enhanced by lower gold production and by the increased price of necessary goods;
- Increase in the price of food products (the price per kg of meat increased by 100% in at a site in Lugushwa and by 50% at a site in Wamba (where 1gr of gold rose to the equivalent of 3.3kg of meat);
- Scarcity of products on the market, because formal borders were closed, so the usual supply routes from Uganda and Rwanda were blocked;
- Depreciation of the currency (Congolese Franc), which fell from 1.650FC / US $ to 2.000FC / US $ during the period of the survey.

In addition to the border closures put in place by the government to limit transmissions, the ASM communities of Watsa and Wamba in Haut Uele province and Walungu in South Kivu mentioned a deterioration in the state of the roads. It was observed that the local government’s capacity to continue road rehabilitation was diminished due to reduced funds as a result of the COVID-19 pandemic. Specifically, this was observed in the territories of Mwenga, Kamituga and Fizi (in South Kivu). Less linked to COVID-19, but the general ongoing insecurity in Kalehe (South Kivu) and Djugu (Ituri) had a negative impact on food accessibility as well.

Food security has not been disrupted in areas mainly dependent on local food products.

On the other hand, areas which survive on subsistence agriculture production (rather than imports) were not as affected in terms of food security. This is the case for the majority of the territories of Rungu and Faradje (Haut Uele), Mahagi (in Ituri) and Shabunda (in South Kivu).

Since the beginning of July, the price of gold started to increase again, although still lower than prior to the pandemic. This positive increase in the price of gold (compared to the month of March 2020) has allowed ASM communities to start to tackle food insecurity.

Limited COVID-19 response and barriers to implement prevention measures

The data collection showed that some miners were aware of preventative measures and that proactive health protection messages have occurred, although actual services provided to communities are limited.

The strong media coverage on COVID-19 has led the Congolese national authorities to take a number of measures to limit the spread of the disease in the DRC. These early measures focused on closing airports and ports to block the movement of people within the DRC and those travelling from other countries. Responses suggested that
the Congolese authorities used public-awareness songs via radio to transmit messages on the prevention of COVID-19. To a lesser extent, WhatsApp messages, state agents and medical personnel have also been used to deliver public messages.

Handwashing and use of masks have been identified as the main health measures taken to prevent COVID-19 observed in the ASM mining areas where survey respondents are located. Social distancing has rarely been cited among the key prevention measures recommended or applied to mitigate the spread of the virus. In the actual mining areas, in most cases, prevention measures were not applied. In fact, survey respondents saw most prevention measures as unsuitable for the ASM context. Moreover, despite the virus spreading globally, ASM workers often responded that they did not feel they were likely to be exposed to COVID-19. The following paragraphs further detail some of the barriers in terms of applying prevention measures and COVID-19 response in ASM communities.

Lack of trust in Government reporting nationally and at the provincial level

Many miners and stakeholders reported that they did not fully understand or trust the information being shared about the impacts of the virus. Stakeholders cited mistrust in government statistical reporting. For example, it was noted that in one province, while the provincial government declared that all the COVID-19 cases previously identified had recovered, the INRB,¹ which is in charge of managing the disease, continued to communicate the presence of four confirmed cases for several weeks.

Limited Government support to fight COVID-19 in ASM communities

Apart from the measures described so far, public authorities have not provided additional services to support the fight against COVID-19. Specifically, there have been no efforts on behalf of the government to supply equipment or provide subsidies to help mitigate the negative impacts of COVID-19 on ASM communities. However, it should be noted that no cases of COVID-19 have been reported in ASM communities during the weeks of the survey implementation. Although given lack of testing and screening (e.g. temperature checks) of the mining operators at the entrance to ASM sites, this data might not reflect the reality of the spread of the virus.

1 INRB : Institut National de Recherche Biomédicale
No major change in gender dynamics, yet an increased presence of children was reported

The survey outcomes suggest that COVID-19 has not led to changes in the role of men and women in the artisanal mining sector. In many of the sites engaged in the three provinces targeted for this activity, the role of women has historically been limited to low-labor intensive and low paying activities. In some areas, women’s access to mining sites is even prohibited by customary law, including in some mining sites in South Kivu and Haut Uele. However, within the sample of the 26 sites engaged, in two instances the primary stakeholders interviewed were women who were in charge of the pits. They were in Mwenga territory in South Kivu and in Wamba territory in Haut Uele.

On the other hand, an increased presence of children has been reported at the ASM sites since the COVID-19 outbreak in the DRC. In an effort to limit the transmission of COVID-19 throughout the country, the Government of DRC closed all schools nationwide. In ASM communities and in the areas where the survey has taken place, school closure as well as reduced income in many ASM communities is believed to have resulted in an influx of children at ASM mining sites in the territories of Mwenga, Kabare and Shabunda (in South Kivu province) and Watsa (Haut Uele). Free from school commitments, children have been observed working at the sites as operators or as sellers of various food products.

Security at ASM sites not directly impacted by COVID-19

According to site interviews and stakeholders’ interviews, changes in human security were attributed to other factors and not directly to the COVID-19 pandemic. In Haut Uele, respondents said they felt safe; while more neutral responses were provided for South Kivu and Ituri. It is worth noting that the territories of Fizi and Kalehe (in South Kivu) and Djugu (in Ituri) continually experience periods of insecurity, which are mostly linked to the presence and activity of armed groups. Specifically during the COVID-19 outbreak and the survey implementation, the CODECO armed group was very active in the territory of Djugu in Ituri. While in South Kivu, Mai Mai groups were also particularly active in Fizi territory and Nyatura in the territory of Kalehe. The activity of these armed groups predates the advent of COVID 19 in the region. In Haut Uele province, the security situation has remained stable and does not represent a major concern for ASM communities.

Finally, in terms of the gold trade, data analysis suggests that armed groups and other illegitimate actors have been able to keep operating, even during the pandemic. They are able to circumvent government protocols to illegally export artisanal minerals, despite the border closures.
Supply chains disruptions since the COVID-19 pandemic

Decline in production, reduced access to inputs and financing

It was reported that gold production declined at most sites as a consequence of decreased access to basic operational inputs. For example, the price of fuel increased between 100% and 200% at different sites in South Kivu and 25% at a site in Faradje (Haut Uele). Miners and stakeholders confirmed that it has been difficult for ASM operators to stock up on equipment such as the mine bar, spades, bags, jackhammers and explosives, which are all imported goods. In addition to reduced access to inputs, financing of mining activities has declined. Reduced access to financing means reduced access to production equipment and food supplies for miners.

ASM operators getting lower returns despite rising international gold prices

Exporting gold legally from DRC became even more difficult over this period because borders were closed. Globally, reduced supply pushed international prices high during the course of the pandemic. But, because the legal routes to export gold from eastern DRC were closed, the remaining routes were fewer and riskier. So, the demand-driven market meant that local buyers (traders) were able to buy gold from mines at a lower price. Data collection suggests that buyers (traders) remained available and active at ASM sites, however, they were only willing to pay about 50% of the pre-COVID price. However, since the beginning of July 2020, the price of gold in the international markets has been continuously increasing.

In South Kivu, dynamics were different from those in Ituri/ Haut Uele, given the traditional supply chain routes out via neighboring countries. In the provinces of Ituri and Haut Uele, there are large numbers of traders who buy gold and bring it to Beni/Butembo (in North Kivu province). They were able and willing to continue to travel across the border, despite the formal border closure between the DRC and Uganda to sell to exporters in Uganda, which always offer a better price for the gold than those comptoirs exporting directly from DRC. The Ugandan exporters had retained enough liquidity during the early stages of the COVID-19 pandemic to continue to make this a viable export route. In South Kivu, crossing into and departing from Rwanda was more difficult. Illegal traders partnered with cargo truck drivers to smuggle gold across the border. With borders scheduled to re-open in mid-August and old supply chains becoming viable again, prices had reached 75$/Kitchele gram or 59$/gr at the beginning of August in the town of Kamituga in South Kivu. (See below for more detail.)

Decline in the value of the Congolese Franc leading to gold as an alternative

Miners and stakeholders confirmed that gold has been used as an alternative currency, given the depreciation of the Congolese Franc and the overall scarcity of dollars both in banks and on the black market.

Decline in official exports, increase in smuggling

Exports also slowed down. In South Kivu, there was no official legal export of gold between March and June 2020. Comptoirs (larger traders who can also function as exporters) based in this province export abroad. Gold is transported to destination countries in carry-on baggage on commercial flights. Given that international flights have been largely suspended, it became difficult for comptoirs to export any goods or materials legally.

In Haut Uele, there is no official comptoir, therefore miners themselves confirmed that there was no export from that province during the pandemic period. It was reported that, during this period, traders would transport gold in hand luggage to Beni/Butembo (North Kivu) but also direct to Uganda through Aruw. Traders with both DR Congo and Ugandan identity documents have been able to bypass the closure of official trade routes and continue to smuggle gold.

In Ituri, trucks carrying timber, scrap metal and coffee have been used to smuggle gold into Uganda. In addition, oil tankers that transported fuel from Uganda to the DRC have also been used to smuggle gold out of the country. In one case, a fraudulent exporter pretended to be an assistant driver of the oil trucks. Research is underway to find out if there was an official export of artisanal gold from Ituri during this period.
Conclusions

Overall, COVID-19 has negatively impacted the artisanal gold sector in eastern DRC. Below is a summary of those impacts:

- ASM communities have remained on the sidelines of initiatives to prevent and fight COVID. The prevention measures recommended by the government did not consider enough the specificity of artisanal mining activities and their needs.
- There was a decline in ASM gold production.
- The price paid to artisanal miners reduced by up to 50% of pre-COVID prices in March, before starting to rise again in July and August.
- In some provinces, official exports ceased (South Kivu), resulting in lost income.
- There was an increase of child labor in mines.
- The food insecurity increased in artisanal mining households.

Recommendations for ASM-focused COVID-19 remediation programming

Organizations working to support artisanal miners in the ongoing the COVID-19 pandemic are encouraged to:

- Develop a prevention protocol against COVID 19 which is adapted to the specificities of the artisanal mining sector.
- Invest in necessary personal protective equipment, including equipment to conduct COVID-19 screening and temperature checks, improve handwashing infrastructure and promote handwashing in mining production areas.
- Implement an awareness raising/education campaign for miners on how risks of transmitting COVID-19 could be prevented or reduced, e.g. by implementing proper hygiene measures.
- Mobilize and undertake interventions/actions to mitigate the negative economic impacts of COVID-19 on artisanal mining operators (including but not limited to: access to financing mechanisms, equipment, fuel and other inputs) to support the revival of artisanal mining activities and buying of gold.
- Support additional income-generating actions for the households of artisanal mining operators.
- Support agro-pastoral production activities to reduce food insecurity for ASM households and communities.
- Support efforts to combat/mitigate child labor at ASM sites.
- Advocate for and strengthen the capacities of local actors (both customary authorities and artisanal miners themselves) on the role and labor rights of women in the artisanal mining sector.
Annex – About the Project

Implemented by Global Communities (US) in partnership with Levin Sources (UK), Zabhu Safi brings unique qualifications and expertise to address the challenges, as well as take advantage of the opportunities, within the artisanal gold supply chain.

Artisanal and Small-scale Mining (ASM) is a significant driver of DRC’s economy, with many communities in the eastern part of the country relying on the ASM sector for their livelihoods. While a variety of national, regional, and international regulations have been put in place to address the illegal trade of conflict minerals, over 80% of ASM gold produced in DRC is exported illicitly. Gold, in particular, continues to fuel conflict in eastern DRC.

The ASM gold supply chain is beset with challenges along the whole supply chain and has often relied on donor resources to address persistent weaknesses.

Zahabu Safi takes a market systems approach to push the supply chain towards commercial viability and scale by:

- **Increasing demand for and co-investment in responsibly-sourced ASM gold from eastern DRC.** Zahabu Safi will carry out activities to increase the reputation, visibility and availability of responsibly-sourced gold from eastern DRC that meets International Conference of the Great Lakes Region (ICGLR) and the Organization of Economic Cooperation and Development (OECD) due diligence requirements for responsible minerals supply chains;

- **Increasing the volume of exports of responsibly-sourced ASM gold from eastern DRC** by strengthening the capacity of upstream and midstream supply chain actors to adhere to responsible supply chain traceability activities and comply with OECD due diligence guidance; and

- **Improving the commercial viability of ASM gold cooperatives** through targeted and participatory training to ensure profitability and longevity through responsible market linkages, improved membership management and good governance structures put in place to promote positive impacts on ASM communities.