

## Dialogue 1: Transforming informal, artisanal mining in Africa

Dialogues are convened by De Beers and moderated by Professor Alyson Warhurst, Warwick Business School and Maplecroft

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**Key themes:** the following dilemmas and ingredients for transforming artisanal mining in Africa were discussed:

- **Ring fencing of development activities** – companies increasingly manage their own operations well, but there remains a grey area about where business responsibility ends. Does it extend to joint ventures, exploration activities, contractors, communities and artisanal miners? This is a growing risk as business moves into higher risk countries e.g. Angola and DRC.
- **Williamson and the Mwadui Community Diamond Partnership (MCDP)** – the issue of ring fencing, responsibility and artisanal mining is apparent at the De Beers Williamson mine in Tanzania, where the mine is not fully fenced-in. About 500-1000 artisanal miners encroach on the area at night due it being a higher grade deposit than the surrounding informal mining zones. Williamson is currently appraising initiatives/technologies to extend the mine life. This would also enable the mine to (a) share benefits more widely with local communities (b) facilitate alternative livelihoods. A defined "memorandum of understanding" between Williamson and local artisanal miners is needed to make this feasible. This was seen as viable in Tanzania due to it being a peaceful/positive operating context. The need for promoting locally embedded knowledge/skills was identified as a priority for sustainable socio-economic development post mining. MCDP was identified as a trial project to build skills and alternative livelihoods for artisanal diamond mining communities in the vicinity of Williamson.
- **Education, skills and capacities** – basic education and technical skills were identified as a crucial first step to building national capacity and "ownership" of mining and other projects, including those to formalise artisanal diamond mining. Top-end skills could be imported, but there was a perceived gap at the local level and entrepreneurship sector between primary and higher levels of education. For example, participants identified needs for operational people and expertise resolving local development dilemmas.
- **Public-private partnerships** – while we discussed that governments were responsible for education, business partnerships were also seen as critical, especially where companies could use their core skills/competencies to build a shared/meaningful understanding of issues amongst different local stakeholder groups. The formation of multi-stakeholder groups or "task forces" to address specific issues was seen as an effective means of building mid-tier skills. Companies should not work alone, but should partner with other businesses, NGOs and with relevant government agencies as a "core group". This core group would also need to balance the notion of "statehood" and rule of national law with local and traditional practice.
- **The role of NGOs** – international NGOs were described as often not having on-the-ground capacity to deal with issues or engage effectively with business or local government. This lack of capacity is a challenge for the Diamond Development Initiative (DDI) and needs addressing to identify appropriate partners to work towards formalising artisanal mining.
- **Being entrepreneurial** – business should explore "alternative" models of enterprise development including partnerships with non-obvious sectors (e.g. agriculture) and on projects that fall outside of traditional microfinance remit. Business should consider working as a sector, and should aim to build capacity sub-sets that link to specific forms of entrepreneurship. It could help to incentivise communities through promoting and supporting increased access to finance and markets.
- **Alternative livelihoods** – the MCDP diagnostic survey picked up the need to educate, build skills and develop alternative livelihoods i.e. to develop integrated solutions, since the economics of projects were unlikely to provide work for all existing artisanal diggers, moreover some are seasonal workers. The role of local government in supporting and legitimising skills development projects was seen as critical. Skills developed should address real needs and/or gaps in the "market" and should be transferable. The example of "people at the gate" in South African construction was discussed: individuals are taken into a 4-6 week "apprenticeship" and taught various skills lacking in the sector. Anglo Platinum is piloting similar work in the mining context. This concept should be evaluated in terms of relevance to the "magnet effect" that will be created in some communities through formalising artisanal diamond mining.
- **The retail industry** – was described as having struggled with ethical supply chain management. In the diamond industry this has been addressed mainly through the Kimberley Process and the System of Warrantees. Legitimising artisanal mining will help generate further revenues for conflict resolution and reduce likelihood of illicit diamonds. But there is little one can do to make artisanal diamond mining lucrative due to the low grade of deposits, the nature of mining and sheer numbers of miners.
- **Fair trade** – was identified as a means of (a) setting conditions (e.g. labour standards) for how artisanal mining is conducted (b) building shared responsibility and promoting collective action based on private sector, government and community partnerships (c) enabling access to markets for "community diamonds" (d) securing fair prices (possibly at a premium). It was considered important to find and test ideas through small "experiments" in modest ways, and then scale up e.g. MCDP. Some considered that fair trade could also facilitate community beneficiation and help promote secondary and tertiary educations/skills and economies. Note: the concept of a fair trade transfer product (where one establishes a fair trade product in one location and benefits from fair trade status in another) could help make relevant the concept of fair trade diamonds beyond Tanzania, to central and western Africa for example.

**Conclusions** – areas warranting further exploration and investigation were identified...

- The promotion of entrepreneurship within local communities and what mining companies can do to extend their business models beyond their direct sphere of interest, including where artisanal diamond mining takes place.
- Partnerships with business to address artisanal diamond mining and the roles and responsibilities of governments, local communities and NGOs.
- Joint work to define the "unit of analysis" for each operation, including defining boundaries of responsibility within the value chain. This would be relevant for De Beers at both a global level and for activities at an operational level.
- Fair trade and opportunities to use existing De Beers marketing and distribution channels for artisanal diamonds. This would require (a) the establishment of minimum standards for artisanal mining – labour standards and fair prices; (b) the establishment of incentives to create dynamic enterprises; and (c) the provision of training and support for capacity building.
- The promotion of entrepreneurship, education and training, livelihood security in artisanal diamond mining and support for alternative livelihoods were seen as a crucial component of any initiative to address the problems that characterise artisanal diamond mining.

**Next steps** – two key routes forward were identified and several practical follow up actions are noted...

- **Work with CASM/DfID and DDI to put together a seminar/workshop of experts** and interested parties, recognising that this dialogue only scratched the surface and explored respective appetites for further activities and the skeleton outline of what a workshop agenda might look like: the focus would specifically be on solutions to formalise artisanal diamond mining.
- **Continue the lunch time dialogues on natural resources and Africa.** The schedule of events moving forward is:
  - How does business balance risk, responsibility, reputation and opportunity in the special operating environment of Africa, in particular in countries like Democratic Republic of Congo (DRC) and Angola? **(Thursday 21 June)**
  - What are the implications and what should be the response and outreach to Chinese investment in natural resources in Africa? **(Thursday 20 September)**
  - How does one measure and evaluate the development "footprint" of a business involved in natural resource production in Africa **(Thursday 13 December)**
- Ensure future dialogues include subject and discipline experts in response to feedback from participants
- Discuss the dialogue results with the World Economic Forum and contribute to the design of a session at the African Summit.
- Follow up with those who wished to engage but who gave apologies, to gauge their interest in our proposed next steps.