

Editorial

"Blue skies over the Ruhr" was a vision former Chancellor Willy Brandt coined when coal mining in North Rhine-Westphalia started its socio-economic decline in the 1960s. The transition of a whole region reinventing itself was long and thorny but scaled new heights.

This process of turning problems into potentials, at a modest scale, is what we at GFA had in mind when we widened our portfolio by acquiring Projekt-Consult with its strong experience in the mining sector. We believe that interesting challenges are arising from this market segment. Policy makers, donor agencies and compliance managers in extractive industries alike pay increasing attention to the underlying conditions of mineral exploitation.

The related problems are multi-layered and long-term as they affect peoples' health, the environment and even climate change. Mining often leaves behind not only ecological disasters but also social and economic problems.

Solving these problems will open up opportunities for consulting companies offering assistance in implementing projects that reflect corporate social responsibility.

The newsletter starts from an overview of problems resulting from artisanal and small-scale mining and summarizes the expertise of Projekt-Consult. Practice-related articles highlight the company's problem-solving approaches such as the Better Gold Initiative.

2014 was a turbulent year indeed. Therefore, we wish our readers peace at home. May 2015 get off to a good start.



Klaus Altemeier
Managing Director
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GFA enters mining market

In June 2014, Projekt-Consult has become a member of GFA Consulting Group. In addition to its core geo-scientific and mining expertise, the company can now provide integrated consulting solutions for more comprehensive approaches that encompass resource governance projects with a focus on educational, environmental or private sector issues.

Mining is often associated with large, high-tech operations by multi-national raw material corporations. But in many development countries, artisanal and small-scale mining (ASM) is equally important, particularly in terms of people employed. Mining means extracting minerals with minimal or no mechanization for about 15 million workers worldwide. They often work in the informal sector and feed around 100 million people.

Where ASM is the only source of income, working conditions are usually harsh and dangerous. Outside a regulatory framework and without proper security measures and equipment, workers are exposed to the risks of accidents and injuries. Deforestation and heavy metal contamination with lasting impacts on the environment, ecosystems and living conditions are other results of unregulated mining. Disregarding the ongoing debate to what extent the mining sector is a net contributor to sustainable development,

failures and inefficiencies in fighting poverty have contributed to ASM activities. Therefore, in countries rich in mineral resources, ASM is a highly relevant topic for development cooperation in terms of poverty alleviation, rural development and environmental protection.

Projekt-Consult GmbH is the only consulting company that has been advising geo-sector institutions and ministries of mining on ASM issues for more than 25 years. Hence, the new GFA member based in Bad Vilbel has established a unique network and gained a vast body of know-how and competencies related to technical and institutional aspects of ASM projects. Experts of Projekt-Consult have been working all along the mineral value chain with clients in the public and private sector involved in the extraction, processing, trading and regulation of the mining sector in developing countries.

The projects outlined overleaf highlight the company's holistic approach in the mineral resources sector. In addition to technical issues, they take socio-economic, legal, and managerial aspects into consideration while also addressing environmental performance and policy dialogue.

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The Better Gold Initiative

The increase of the gold price in recent years added to ASM activities in many developing countries. This also brought to light the wide range of environmental, social and economic problems associated with the gold rush. At the same time, consumers of gold products increasingly request better documented evidence of compliance with ethical and legal production standards and traceability throughout the production chain.

Against this backdrop, the Swiss government together with the private sector and support from Projekt-Consult experts set up the Better Gold Initiative (BGI) in 2013. BGI is an integrated supply chain project that aims at improving the situation of ASM gold miners throughout the world. The initiative, until 2015, supports artisanal and small-scale miners to meet standards that allow them to ensure the sale of their production at a fair price to buyers who honor the compliance of environmental, social and working standards. As a result, ASM is expected to become a driving force for better livelihoods and sustainable development.

This initiative is promoted through a public-private partnership between the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association (SBGA) set up by industry stakeholders involved in the Swiss gold value chain. BGI has started implementing the initiative in Peru, the world's fifth largest gold producer, and plans to extend its mine-to-market approach to other countries in Latin America and Africa.

The initiative relies on Switzerland's key role in the international gold industry as more than half of all gold produced worldwide is refined in the country. Hence, leading Swiss players are in a position to establish sustainable and transparent conditions all the way along the gold value chain.

The United Nations Environment Programme (UNEP) assumes that ASM makes for 12-15 percent of global gold production, 400 tons a year. An estimated 10-15 million miners are involved, 5.5 million of which are women and children. UNEP associates the use of mercury in ASM with serious health and environmental hazards. BGI will put into practice the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organisation for Economic Co-operation and Development (OECD). It also supports the implementation of UNEP's Minamata Convention to reduce mercury emissions in the ASM sector. Experts of Projekt-Consult assist implementing the four major pillars of BGI's work:

Production – BGI identifies ASM mines and mine cooperatives with good potential for the production of responsibly mined gold, so called Better Gold). The initiative offers miners better prices through the elimination of intermediaries, and supports them in formalizing and improving their performance in technical, organizational, social and environmental terms. In particular, Pro-



jekt-Consult experts accompany ASM miners in a continuous improvement process to ensure that they comply with the requirements of internationally recognized certification schemes that take sustainability criteria, labour laws, environmental conditions and public health into consideration.

Certifications and standards – In addition, BGI participates in international debates on the development and improvement of schemes such as the Fairtrade certification by Fairtrade International, Fairmined certification by the Alliance for Responsible Mining or chain of custody and code of practice certifications by the Responsible Jewellery Council.

Policy dialogue – BGI's policy dialogue and cooperation with governments are essential prerequisites for the implementation of the mentioned project in Peru and in other countries relevant to ASM.

Promotion of demand – In Switzerland, the initiative's cooperation with SBGA encourages the demand for Better Gold among industry stakeholders by addressing the so called last mile in the value chain – refiners, global brand manufacturers such as watchmakers and jewelers, and investors. SBGA members are committed to buying the production of Better Gold and reinvesting one US dollar per gram into social and environmental projects in and around mines as part of their corporate social responsibility. Raising awareness among consumers is another long-term objective of SBGA.



Projekt-Consult at work



Auditing for mineral certification in the Democratic Republic of the Congo

Blood Diamonds, the Hollywood movie, highlighted the cynical tragedy of conflict minerals for the average citizen. To the expert eye, the civil war in Eastern Congo in recent years has been associated with Coltan, a metallic ore indispensable for electronic products that is mainly exploited through unregulated ASM.

As a response, the United States required the electronic industry to document due diligence measures along the trade chain in order to promote conflict free sourcing for the metals tantalum, tin and tungsten (3T). The Democratic Republic of the Congo (DRC) put a temporary ban on mineral production in 2010. On behalf of the German government, the Federal Institute for Geosciences and Natural Resources (BGR) and GIZ jointly support the DRC Ministry of Mines in developing a mineral certification system to strengthen transparency and control in the mining sector. The project Strengthening of Transparency and Control in the Mining Sector of the DRC is part of German-Congolese cooperation since 2009, and aims at improving the legal exploitation and trade of 3T and gold.

The project supports the Congolese government in establishing and implementing a certification system, which includes minimum standards for responsible mining production. As a result, institutions in the Congolese mining sector are expected to trace and register the volume of exploited and traded resources, to confirm their provenance, and to control legal and fiscal compliance. Projekt-Consult experts have

conducted several baseline surveys and certification audits of mines in Katanga, Maniema, North and South Kivu. Another 15 audits have been commissioned already. After years of war and mismanagement, this helps rural communities reconstruct the mining sector on a legal basis and contributes a driving factor to economic and social development. By the end of 2015, the project is supposed to contribute to an increase of public revenues and economic independence. Armed groups should be cut off their financial foundation, which is expected to decrease the potential for violence. Ultimately, improved livelihoods in the mining regions will contribute to stability and peace in the DRC.

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Environmental limits, availability and risks of primary raw materials

Since early 2013, Projekt-Consult has been engaged in a research project (ÖkoRess) developing an environmental dimension for the risk assessment of mining mineral resources. The use of raw materials, especially the related ecological footprint, has become an issue in public debates.

The three-year project has been commissioned by the German Federal Environment Agency and is carried out in cooperation with the Oeko-Institut and the Institute for Energy and Environmental Research of the University of Heidelberg. Its focus is not only on German raw materials but also on mining projects in other countries as many of them are suppliers to German industries and, therefore, part of the production chain. Environmental im-

pacts vary broadly depending on the type of deposit, extraction method, and the standards and aftercare measures applied. By 2016, the project seeks to contribute to the consideration of environmental aspects in the supply of primary mineral raw materials. It aims at developing a sound and realistic valuation system that allows for a reliable comparative assessment of environmental hazards caused by different types of raw material extraction, processing and refining. The assessment system is to be tested and revised through different case studies. In addition, the project intends to explore how such an assessment system can be integrated into higher level risk assessment systems related to raw materials. Projekt-Consult has been providing a classification of the environmental impacts of mining projects, and a determination of available data and assessment approaches. The new GFA member company has evaluated selected case studies and has developed a tailor-made assessment system, which was integrated into existing risk analysis systems. This allows Projekt-Consult experts to come up with action-oriented recommendations for decision makers. ÖkoRess results are expected to improve the state of knowledge on current and future environmental risks from raw materials production and processing. Hence, the project should support resource protection policies at the national, European and international level that aim at improving the sustainability of raw materials extraction and use, and at reducing associated environmental impacts as far as possible.

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Promoting innovation and technology in ASEAN countries

The Pilot Project Scheme (PPS) is part of a project financed by GIZ and supports the development of novel and high-quality projects aiming at improving innovation and technology transfer in small and medium-sized enterprises in ASEAN countries. The focus of this support is to identify ideas for promotion and conceptualize them in greater depth and detail. An in-house team of GFA Consulting Group supports PPS implementation. On 8 October 2014, the first call for proposals was launched. Background information, project requirements, partners, procedures and an application form can be downloaded from the PPS website at www.pps-asean.com.
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Green IT a success at GFA

GFA Consulting Group has a proud track record in many “green” areas. Not only in GFA-managed projects but also at GFA headquarters in Hamburg green principles are put into practice. In 2013, the company invested 55,000 euros in green IT: Five energy-efficient new servers replaced 31 old ones, and more energy efficient air conditioning for the server room was installed. This saved an annual 37,000 kWh and reduced CO₂ emissions by 18,000 kilograms. This is the equivalent of eleven four-person households’ annual energy consumption. The green IT infrastructure perfectly matches the geothermal energy source of the new GFA building which was also planned with sustainability and green principles in mind.
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Development partnership with fertilizer company in Mozambique

More than 80 percent of the economically active population in Mozambique practices small-scale farming. At less than five percent, the prevalence of fertilizer use by these farmers is one of the lowest in Sub-Saharan Africa, which results in one of the lowest agricultural productivity rates in the region. As part of the Sustainable Economic Development Programme (Pro-Econ) 2013 – 2016 implemented by GIZ, GFA has joined forces with Greenbelt, a Mozambican fertilizer company, in promoting effective fertilizer use by small-scale farmers. The initiative aims at increasing the productivity and improving farmers’ yields and income. The costs of implementation are shared with the private sector in an Integrated Development Partnership (iDPP). GIZ has set up the iDPP instrument to achieve both business objectives of the private partner and development goals for mutual benefits. Pro-Econ is one of the first GIZ programs that applies the instrument systematically. The GFA-assisted iDPP with Greenbelt from June to December 2014 addresses main factors that have prevented Mozambican farmers to make effective use of fertilizers in the past. First of all, farmers are made aware of the potential for production increases. As fertilizers are usually sold in large quantities and in few urban centers only, access to fertilizers at affordable cost is another key objective of the project. Accordingly, joint activities cover a comprehensive awareness and capacity building program in two districts that includes demonstration plots, illus-

trative training material, measurement cups for different fertilizer blends and crops, and field days for disseminating innovative approaches. The partnership was selected to become a pilot initiative within the National Fertiliser Promotion Platform of the Ministry of Agriculture as part of the Governmental Agriculture Sector Development Strategy.
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Ranger training camp launched in Democratic Republic of the Congo

Construction works for the Graueri Training Camp for rangers at the Kahuzi-Biega National Park (PNKB) started on 11 April, 2014. This UNESCO World Heritage Site in the South Kivu Province of the Democratic Republic of the Congo (DRC) benefits from the Congolese-German Biodiversity and Forests Program (PBF). Since 2008, KfW Development Bank has supported the protection of the park’s exceptional resources through funding the Congolese Institute for the Conservation of Nature (ICCN). GFA assists in the management and implementation of relevant ICCN activities. The self-sustained camp is powered by renewable energy and can host up to 25 rangers and trainers. At the end of 2014, about a hundred rangers will be fully equipped and trained for the protection of the park’s natural resources. The aim of this unique ambitious project in DRC is to train rangers from the country’s numerous protected areas and to develop into an acknowledged national training center for the Congolese Institute for Nature Conservation.
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GFA Consulting Group presently works in more than 90 countries.

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GFA mission – to improve the livelihood of beneficiaries through our professional services.

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