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Democracy,
Human Rights, and Global Women's Issues

“Illicit Mining: Threats to U.S. National Security and International Human Rights”
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Chairman Rubio, Ranking Member Cardin, Distinguished Members of this Sub-Committee: Thank you for the opportunity to testify about the important role the U.S. Agency for International Development (USAID) plays in addressing illegal and unregulated mining. It is an honor to be here with you today.

USAID is committed to working with governments, civil society, communities, and the private sector to reduce the impact of conflict; counteract the drivers of violence, instability, and transnational crime; address corruption; advance prosperity; protect human rights; improve human health; and prevent the loss of biodiversity. For all of these reasons, USAID is deeply concerned about illegal and unregulated mining. There is little doubt that illegal and unregulated mining, particularly artisanal and small-scale mining (ASM), undermines U.S. interests around the globe, contributes to armed conflict and instability, provides funding to criminal networks, threatens our shared environment, and menaces indigenous people.

The linkages between mineral wealth and development are complex and dynamic. Despite the potential for a country’s mineral wealth to translate into prosperity and social development, we see far more examples in which discovery and exploitation of mineral wealth undermines development gains. Whether a country harnesses its mineral wealth for inclusive economic growth, or its mineral wealth leads to a downward spiral of corruption and violent conflict depends largely on a supportive policy framework and its enforcement, combined with citizen responsive governance, including transparency and accountability.

In many countries in which USAID works, governments, illegitimate regimes, and powerful non-state actors, including companies, elites, and criminal groups, use intimidation, violence, and corruption to acquire wealth and control over the minerals sector. In these cases, economic benefits concentrate within a small percentage of the population, while many more people bear the negative environmental, social, and economic impacts.

Within the minerals sector, ASM is uniquely vulnerable to exploitation by corrupt officials, elites and criminal groups. At least 40 million people in developing countries - most of them poor - work in the ASM sector, most of which is informal in nature. Women and children are especially vulnerable to labor and sexual exploitation on illegal mining sites, particularly in conflict or post conflict environments. Powerful actors who face little or no accountability for predatory behavior easily undermine local regulatory structures.

Mining in violation of the laws of the nation in which the activity occurs often takes place in remote areas that are difficult to police. In Latin America, illegal and unregulated ASGM generates billions of dollars in illicit revenue for transnational criminal organizations, some of which have close ties to high-ranking officials in government and state security forces. In 2016, the total value of illicit gold production in South America was estimated as at least \$7 billion, and by all accounts is increasing. In Venezuela, the former Maduro regime has increasingly turned towards illegal and unregulated gold mining to line its pockets and maintain its power, in cooperation with transnational groups.

In Africa, artisanal diamond, gold, coltan, and tungsten mining has helped finance prolonged and deadly conflicts in countries such as Angola, Central African Republic (CAR), the Democratic Republic of the Congo (DRC), Liberia, and Sierra Leone. In CAR and DRC, minerals have become synonymous with “conflict,” which has resulted in temporary restrictions on their export. In the Sahel, armed groups are increasingly seizing control of ASGM sites in Mali, Burkina Faso, and Niger which could further destabilize the region. As in Latin America, high-ranking officials in government and state security forces often profit personally from these operations. Throughout much of Africa, illegal and unregulated ASM supply chains have links to criminal networks and contribute to domestic and regional insecurity.

ASM often occurs in and around protected areas of high biodiversity, which hampers efforts to protect critical ecosystems. Indigenous people and other vulnerable groups inhabit some of these areas. Artisanal and small-scale gold mining (ASGM) is the largest source of mercury pollution on Earth as at least 10 million people use mercury to mine for gold in more than 70 countries – with severe effects on human health. Much of the mercury released goes into the atmosphere and travels thousands of miles. It is estimated that 70% of the mercury deposited in the United States comes from global sources. Alluvial gold mining - the extraction of gold from creeks, rivers and streams - has deforested over 62,500 hectares in the Amazon’s uniquely biodiverse Madre de Dios region since 1999.

Unfortunately, we have no easy or quick solutions. Illegal and unregulated ASM mining is a complex problem that requires long-term investments and structural reforms. USAID aims to support our partners that show the resolve to address the pervasive problems that surround this sector. Over the last five years, USAID has awarded programs with an anticipated total value of \$125 million to address illegal and unregulated ASM in countries such as Afghanistan, CAR, Colombia, Côte d’Ivoire, DRC, Perú, and Rwanda. Our programs include rigorous, field-level monitoring, evaluation, and oversight which has generated the data needed to demonstrate impact and to ensure our programs constantly learn and adapt. On a recent trip to Colombia, USAID Administrator Mark Green commented that he was “shocked to see the remnants of the illegal mining and the devastating consequences for the environment,” but he was also heartened to witness first-hand the impact of USAID’s programs that have helped support environmentally and socially responsible licit supply-chains that “bring money revenues into legal channels in a way that helps to support families and provides new revenues for the government.”

Evidence suggests that formalization and legalization of the sector is one effective step to break the link between the trade of artisanal minerals and armed conflicts. USAID has learned through experience that addressing illegal and unregulated mining requires a coordinated, whole-of-government approach and long-term investments. We cannot solve this problem through development assistance alone. At USAID headquarters and in our Missions in the countries in which we work, our decision to engage in the artisanal mining sector occurs on the ground as part of a comprehensive and cross-sectoral Country Development and Cooperation Strategy. We make our investments in efforts to formalize and improve the ASM sector in partnership with national and local governments, civil society, and the private sector, almost always coupled with closely coordinated interventions from other U.S. Government Departments and Agencies.

In Latin America, USAID's programs in Perú and Colombia directly support bilateral Memoranda of Understanding (MOU) between the United States and the aforementioned governments to counter illegal mining and related crimes. In Perú, USAID has built up the country's scientific and research capacity by establishing the first laboratory in Madre de Dios with the capacity to analyze environmental mercury contamination and supporting the publication of over 25 papers on remediation and management techniques. USAID recently launched a new five-year, \$23.9 million program in Perú to strengthen environmental criminal justice institutions; reduce environmental crimes in key landscapes in and around protected areas and indigenous land; and support civil society and the media to serve as effective watchdogs. In Colombia, USAID-funded programs promote legal and responsible mineral supply-chains in Antioquia and Chocó. Our programs have helped formalize 42 mining operations, eliminated nearly 40 tons of mercury from mining production, and assisted in generating \$110 million dollars of legal gold sales, which mobilized \$8 million of domestic resources in the form of royalties and taxes. In addition, USAID rehabilitated 17,000 hectares of land affected by mining.

In Africa, USAID works closely with other U.S. Government Departments and Agencies in CAR and the DRC. In CAR, USAID helps reduce the flow of conflict diamonds by improving compliance with the international due-diligence process known as the Kimberley Process Certification Scheme. In 2013, CAR was temporarily suspended from the Kimberley Process because of its lack of compliance and concerns about conflict diamonds, which led to an embargo on diamonds from CAR. USAID worked closely with the government of CAR to improve compliance, which led to a partial lift on the embargo in 2015. USAID continues to support the Government of CAR to improve compliance and strengthen social cohesion in mining communities. In the DRC, USAID supports the establishment of legal, responsible mineral supply-chains for tin, tantalum, tungsten and gold. In 2010, the United Nations reported that almost every mine site in Eastern DRC was under the control of armed groups. Since that time, USAID has supported the validation of more than 600 ASM sites as conflict-free. By 2017, an estimated three out of four tin, tantalum, and tungsten sites were free of the control of armed groups. In addition to the security improvements, the conflict-free supply-chains have also generated a legal source of revenue. In 2018, validated conflict-free mine sites in the DRC legally exported approximately 15,800 tons of tin and tantalum worth over \$285

million. This year, USAID supported the very first export of conflict-free gold to the United States from Eastern DRC through private-sector-led gold supply-chain involving only U.S. companies. Furthermore, USAID, along with the State Department and Department of Labor, established the Public-Private Alliance for Responsible Minerals Trade (PPA), a multi-stakeholder initiative that promotes responsible sourcing of gold, tin, tantalum, and tungsten in the DRC and the Great Lakes Region.

In Afghanistan, where extractives are the second-largest source of revenue for the Taliban after narcotics, USAID has developed interagency agreements with the U.S. Department of Commerce and the U.S. Geological Survey (USGS) within the Department of Interior with an anticipated total value of \$38.2 million. This USAID funding supports the provision of targeted legal, regulatory, and policy advice as well as the analysis of geological data and management assistance to the Afghanistan Ministry of Mines and Petroleum and the Afghanistan Geological Survey.

But let me be clear, just because artisanal mining is legal and regulated, does not necessarily mean that it will propel a country towards self-reliance, nor can a comprehensive solution succeed without strengthening the governance of industrial mining. This is why USAID also funds the Extractive Industry Transparency Initiative (EITI), a voluntary, global partnership between governments, extractive-industry companies, and civil society to promote the transparent and accountable management of oil, gas, and mineral resources. Advancing the EITI Standard serves key U.S. national-security, economic, and foreign policy objectives, including fighting corruption, empowering communities affected by mining operations, leveling the playing field for U.S. companies overseas, and promoting good governance in the extractive sector worldwide. Since 2013, USAID has obligated more than \$19 million in funding through over 17 USAID Missions - including in both Colombia and Perú - for programs to support the EITI-related disclosure of data on government revenue, explorations and concessions in the extractives sector; to strengthen multi-stakeholder governance; and to promote beneficial-ownership processes to enhance transparency and minimize supply-chain risks to businesses, including money-laundering and terrorist-financing.

USAID's successes in the sector have been hard-won. Mining in violation of the laws of the nation in which the activity occurs is a complex development problem that must be addressed through carefully planned and sustained investments, a permissive operational environment, and close collaboration with other U.S. government departments and agencies. USAID will continue to participate in U.S. Government interagency efforts to combat illegal and unregulated mining of a country's natural resources; advance the formalization and regulation of the ASM sector; strengthen mineral ASM supply-chains to render them legal, transparent, and environmentally and socially responsible; combat related crimes such as sex and labor trafficking in mining regions; clarify land and resource rights; prevent encroachment into protected areas; promote the environmental rehabilitation of degraded lands and the elimination of mercury; protect the rights of indigenous peoples and other vulnerable populations; and support increased transparency and accountability in the minerals sector.

Our interest is, and always will be, to work with governments, civil society and the private sector in countries on their Journey to Self-Reliance. Part of this Journey is the effective management of natural resources, including high-value minerals. USAID will continue to join forces with partners that are committed to improving their regulation and management of the mining sector for the economic, social, and environmental benefit of their people.

Thank you for your time. I look forward to answering your questions.