

Case study Alphamin

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This case study shows you how [Alphamin](#) established strong company management systems to radically transform the operation site from informal to formal mining with a chain of custody system. This relates to the [OECD Due Diligence Guidance](#) step 1 and step 3. In brief: Alphamin demonstrates how a situation of conflict and high risk can be turned into a secure operation with local community benefits.

Company profile of Alphamin

Alphamin is a large-scale mining (LSM) company that extracts tin from North Kivu, in the Eastern side of the Democratic Republic of Congo (DRC).

Challenge to establish strong company management systems and manage risks

Alphamin was looking to radically transform its DRC concession, Bisie, from a situation of violence and conflict to a formal and secure LSM operation.

Until 2015, Bisie was patrolled by various armed groups as well as the army who worked with corrupt local leaders, regional businessmen and certification agency officials. These armed groups also oversaw illegal artisanal and small-scale mining (ASM) practices. Criminality and conflict were commonly observed on the site.

Before starting mine development in 2017, Alphamin took on the daunting task of establishing strong company management systems to assist in mitigating the identified risks associated with the extraction of tin at Bisie. Despite suffering several attacks on its staff, it stayed on course and built relationships with local communities and the national and provincial authorities.

Although establishing strong company management systems, especially in a conflict affected and high-risk area (CAHRA), is tedious and challenging at the beginning, the implementation of these systems is crucial to identify and manage risks in the long term.

The four-phase solution

Phase 1: Implement an ASM-miner registration period

In 2015, Alphamin obtained its mining license from the government. However, a few hundred ASM miners were still working in Bisie and selling minerals from the Alphamin concession to local traders. To address the illegal occupation and sales of minerals, Alphamin cooperated with the National Government through its Commission to Combat Mineral Fraud (CNLFM). The CNLFM developed a local “ASM plan” that started with the registration of ASM miners at Bisie. During the 7-month “ASM Plan” execution period, registered miners were allowed to sell minerals mined on the Alphamin concession to accredited exporters.

Phase 2: Offer all registered ASM miners a way forward

As part of the ASM Plan, and in consultation with over 1,000 miners, the CNLFM offered the registered miners three options: 1) work for Alphamin, 2) move to another ASM site, or 3) return to their place of origin (as most of the ASM miners were migrants). At the end of the moratorium 50 miners decided to work for Alphamin, and the rest moved to other ASM sites or migrated.

The ASM Plan was a success because it was implemented without the use of violence and executed by credible authorities after several months of dialogue and planning. With the peaceful migration of the artisanal miners completed, Alphamin was able to focus on mine development activities, with actual tin concentrate being produced and exported in May 2019.

Phase 3: Invest in the community

In parallel with the ASM Plan, Alphamin established a not-for-profit organisation which receives 4% of Alphamin’s in-country expenditure for investment in projects aimed at enhancing the longer-term sustainability of the local economy.

Phase 4: Establish a chain of custody tracking system and long-term relationships with customers

Finally, Alphamin has established a chain of custody tracking system of its mineral supply chain. The extracted tin is placed in 1 ton bags that are sealed at the mine site and only opened once they reach their final destination. The bagging, sealing and transportation of minerals from Alphamin is done in strict compliance with ICGLR guidelines. All of Alphamin’s production is sold under long term contracts with custom smelters. Each of the smelters that Alphamin sells its minerals to sends technical and commercial representatives to visit the mine site on an annual basis. The smelter representatives discuss commercial terms, product specification and review Alphamin’s compliance to OECD requirements.

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