



Rwanda Mining Association

Att: Mr. Michael S. Piwowar
Acting Chairman United States Securities and Exchange Commission
100 F Street NE Washington, DC 20549

RWANDA MINING ASSOCIATION (RMA) COMMENTS

ON

The Dodd-Frank Act

March, 2017

1. Introduction

As the Rwanda Mining Association (RMA) has and continues to state, the mining sector in Rwanda has until recently, been encouragingly growing at a commendable pace. It is now very evident and clear that mining already plays a significant role in the Rwandan economy, providing large-scale employment and contributes significantly to export revenues. Currently, mining is identified as one of the prime growth sectors to foster economic development in Rwanda and continues to be on the top of exports and the number two forex earner. RMA brings together all the private players in the mining sector and has the following set objectives: Promotion of minerals exploitation and Mining Business; Representing its members among other Organs; Promoting the Mining Industry and sharing information among all members about the market; and Ensure strict respect of Directives and Legislations regarding the exploitation and Mining business. The main areas of intervention in supporting the Association's members are: Advocacy; Trainings Facilitation; and promoting a good image of the mining sector domestically and internationally.

The mining business in Rwanda had always operated smoothly with ease in terms of related running costs and normal regulations that both traders and buyers (including foreign buyers) were obliged to adhere to. All this changed later in early 2011 under the "minerals traceability scheme" that was instituted by the Dodd-Frank Act. Basically, the Dodd-Frank Act created a wrong perception on Rwanda's minerals by dragging our minerals in the intertwined regional issues. This also added to the complications of carrying out genuine cross-border trade of minerals within the region. Another major impact as a result of the Dodd-Frank Act is the fact that, many players are now involved, more procedures in place, more interests at stake and more costs involved. The end result has made everything more complicated and expensive hence hurting the business.

Added requirements for Rwandan Mining Operators

The introduction and implementation of the Dodd-Frank Act added more requirements to the already numerous requirements that were in place for the private players in Rwanda's Mining Sector to adhere to. So, currently, the mining operators are subjected to fulfill the requirement of mineral tagging system in Rwanda. This is being jointly implemented by the responsible government institutions in Rwanda with ITRI (International Tin Research Institute) Tin Supply Chain Initiative (iTSCi/ITRI).

Rwandan mining operators are in full compliance with standards/regulations of Rwandan mineral supply chain, OECD & CFS requirements, Dodd-Frank Act with associated SEC rules and UN Security Council Recommendations.

There is currently a significant number of licensed mining operators in Rwanda. These include duly registered investors with concessional agreements who have mining concessions/ sites with considerable mining equipment on the respective sites and employing huge numbers of employees, small scale miners who also include those formed in cooperatives as well as licensed traders. All these licensed operators are in full compliance with the Dodd-Frank Act among other requirements. However, the compliance comes with a huge financial cost that eventually affects the investment returns and the growth of the mining sector in general.

Recommendations and suggestions

1. All the involved stakeholders should consider exploring the potential of regional mechanisms to take the responsibility of setting up user-friendly and less costly procedures. This should be done with a view of reducing perceived audit fatigue on mining operators in Rwanda and also the implementation costs of these schemes serving the same purposes.
2. The related provisions of the Dodd-Frank Act should be amended or removed completely. In the long term, there is a need to have one set of accepted rules and audit procedures, preferably under the Regional Certification Mechanism. The adopted mechanism should be user-friendly and less costly.
3. Other countries such as Canada and the EU that had at one time considered similar measures should reconsider that decision. Instead of coming up with measures having similar implications as the Dodd Frank Act, the international community should strengthen the regional initiatives already in place to enforce the required governance and due diligence standards.