



Apr 7, 2011

Commentary: Another view of doing business in the Congo

By: Martin Jones, Special to The Northern Miner

For the past six and a half years, our company, **Banro** (BAA-T, BAA-X), has been engaged in intensive mineral exploration in what many consider to be one of the less fashionable addresses on Earth: the Democratic Republic of the Congo (DRC).

We began with a handful of geologists comprised of a seasoned team of ex-pats from Ghana, Tanzania, and the U.K. who led and mentored a group of newly minted graduates from the local Bukavu Technical Institute.

Within a few years, that small band of explorers had delineated over 11 million oz. of gold and identified 16 new targets for follow-up in the DRC's eastern provinces of South Kivu and Maniema - surely one of the most successful exploration programs in recent African history.

Meanwhile, Banro moved forward with scoping and feasibility studies and by early 2010 began building its first gold mine at Twangiza, a project with 4.54 million oz. in reserves. Further new mines are planned for construction at both Twangiza and at Banro's Namoya project.

In a short period of time, Banro has become an integral part of the emerging story of Congolese economic development, and an important partner in the social fabric of the country.

Our September 2010 ground-breaking ceremony for Twangiza was attended by the Congolese deputy prime minister, four federal cabinet ministers, the head of the Mining Cadastre, the governor and deputy governor of South Kivu province, several provincial cabinet ministers, the president of the provincial parliamentary assembly, the local tribal chief, a dozen members of both national and provincial parliaments, the chef de poste and a very large contingent of local citizens.

Many people will tell you that it is terribly tough, if not impossible, to do business in the Congo. Banro is not among them. We have quite a different view of working in this country, where we

have found people eager to leave the troubled past behind and build a future characterized by economic opportunity, social development and political stability.

That is not to say that doing business in the DRC is easy. It is not. We had many challenges when we first arrived, such as government red tape, poor infrastructure and lack of logistical support. The latter two have long since been addressed and the first continues to improve.

One of our biggest challenges, however, was to prove to our hosts that we were committed to promoting social and economic development and to ensuring that mineral development significantly benefited local communities. Our doing so has made a big difference.

This is what Banro has learned about doing business in the Congo:

1. Ongoing consultation and dialogue at all levels of society is absolutely critical to success in the DRC.

In Banro's case, we began consultations with local communities and their tribal leadership, provincial government officials, central government officials and the Roman Catholic Church well before we planted our first tent peg in the Congo.

Today, these efforts have broadened and deepened, with continual communications being maintained through multiple channels, ranging from community site visits and sensitization sessions at the village level to ongoing briefings of provincial and federal cabinet ministers.

2. Along with consultation comes the obligation to listen with great sensitivity and to follow through fully on commitments.

In our earliest meetings, officials told Banro that the biggest contribution we could make in the area of social development would be to invest in education, health care and infrastructure development, in that order.

To make that happen, the company in 2005 created the Banro Foundation, a registered charity in the DRC. Among the principles guiding the foundation's work is a focus on needs identified by local community leaders, with priority given to projects that benefit communities as a whole. And that leads to our next point.

3. Mining companies wishing to work in the DRC must have a strategic and comprehensive commitment to community development.

In 2007, the Banro Foundation launched a major cycle of infrastructure projects which to date has included the construction of two new high schools and two primary schools, a women's resource centre, a potable-water delivery system serving 18,000 people in four villages, a new health care centre, and over 100 km of roads and bridges. The foundation also procured two shipments of medical equipment from Canada to several regional hospitals and clinics.

The Banro Foundation has also been working with Twangiza's mine-development team and with local NGOs to promote skills development and alternative livelihood strategies for artisanal miners and enhanced agricultural skills for local farmers. This year will be the most active one to date for the foundation, with the construction of four new schools, a second health clinic, repair of a community electrical generating station and construction of a new regional marketplace.

4. Transparency is critical.

Being publicly-listed in Canada and the United States, Banro is already transparent in its financial and operational aspects. But working in the DRC requires an even higher level of openness, and Banro has maintained a policy of elevated transparency at all its projects.

To take one example, we host a steady stream of visitors to our sites that has included not only investors, bankers and analysts, but also NGOs, local and foreign journalists, community representatives, local government officials, Canadian MPs and senators, foreign diplomats and trade officials, fact-finding missions and other companies. At times our sites feel like major tourist destinations.

As the Extractive Industries Transparency Initiative goes into effect in the DRC, and as Banro becomes a producer, we will fully support that initiative.

5. Job creation and on-the-job training must be #1 commitments.

The creation of capacity-building and other jobs is perhaps the top priority for local Congolese. Today, Banro employs a staff of 256 people in the DRC, of whom 224 are Congolese - mainly geologists, technicians, administrators, accountants and community relations officers.

Through contractors and labour-hire companies, we provide jobs for an additional 2,000 Congolese.

On-the-job training is crucial, too. In giving a speech to a community near a company project, one of our executives received thunderous applause when he mentioned the company's commitment to on-the-job training. It lasted so long he thought there must have been a mistranslation into Swahili, but there wasn't.

The Congolese know they have been left behind, and learning skills that will help them move forward is of tremendous importance.

For example, at Banro we have instituted a two-year program to raise the expertise of local geology grads to the level of a North American graduate.

There are many more lessons we could add, but these have proved to be five of the most valuable for Banro.

We are proud to be a contributor to the social and economic reconstruction of the Democratic Republic of the Congo.

The author is chairman of the Banro Foundation, which promotes social and economic development in the DRC. Toronto-based Banro Corp. (BAA-T, BAA-X) is a gold exploration and development company with four gold projects in the eastern DRC. It began exploration in November 2004 and will bring its first mine into production later this year. Visit <http://www.banro.com> for more on the Banro Foundation's projects, sponsorships and partnerships.



Banro Foundation staff with the tank for a potable water system near the Twangiza gold mine project in the eastern DRC. It serves 18,000 people and consists of 19,000 metres of piping.