

# Public Private Alliance for Responsible Minerals Trade

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9 NOVEMBER 2016  
MEMBER MEETING

## Executive Summary

During the PPA's 5<sup>th</sup> annual Member Meeting, participants:

- Received a briefing on the current political and security environment in the Great Lakes Region (GLR) of Central Africa, and implications for responsible minerals trade and sourcing;
- Heard from PPA grantee, IPIS, and member organizations Partnership Africa Canada, Global Witness, and Enough Project about GLR civil society due diligence efforts in the artisanal gold sector, and threats to their ability to independently monitor minerals trade;
- Began scoping a vision for priorities and continued partnership in "Phase II" of the PPA given progress since the 2011 launch and the Memorandum of Understanding current end date of August of 2017; and
- Received a brief status update on current status of PPA projects, resources, and activities.

The meeting was one of the best attended to date, and members expressed a strong preference for continuing to meet alongside the annual CFSI conference in Northern California in years to come.

## Key Next Steps

- **All PPA members** who haven't yet done so should complete the [online survey](#) or contact RESOLVE directly to give feedback on the priorities and structure of the next phase of the PPA.
- **The PPA Governance Committee and RESOLVE** will reflect on the discussions during the Member Meeting and will propose a Phase II strategic plan for member input in the coming months.
- **IPIS** will consider what components of its civil society capacity building work could be "templated" and shared as a tool to support other capacity building efforts.
- **PAC** will share a template it has prepared to support local civil society reporting.
- **ICGLR** will share a communique documenting an agreement by DRC government to establish a transitional government and voter registration to enable 2018 elections.

## Civil Society Engagement in Artisanal Gold Due Diligence

**PPA members and grantees have made and continue to make strides in building due diligence capacity in the DRC artisanal gold sector. Extensive local expertise and knowledge exists, but work is needed to collate and share it with those stakeholders best positioned to act upon it. Recent political events and actors have imposed significant constraints and threats to civil society in the DRC. PPA members have an opportunity to leverage their individual and collective influence and brand power to demonstrate support for the free operation of civil society, a critical element of preserving the progress made to date. The PPA can also help share tools and guidance developed by members, grantees, and others, aimed at building civil society capacity in independent supply chain monitoring and reporting.**

*Fiona Southward, IPIS*, provided a [presentation on IPIS's efforts](#) – through a grant from the PPA – to support due diligence in the artisanal gold sector in Eastern Congo.

Fiona provided a brief introduction of [IPIS](#), which maps security dynamics (e.g., artisanal mining presence, mine sites, presence of armed groups) in the Democratic Republic of Congo, Tanzania, and the Central African Republic. IPIS also works to build capacity of local government and civil society.

The [project supported by PPA](#) seeks to enhance and facilitate transparency in the DRC artisanal gold sector by engaging with local civil society in systemized data collection on production and trade. The project further aims to deepen civil society's understanding of the dynamics and needs of the whole supply chain, and to build technical and analytical capacity for data collection, management, and report writing.

In the first phase of the grant, IPIS conducted assessments of civil society capacity around four large trade hubs in Eastern DRC. These assessments considered technical resource capacity (e.g., personnel, office space, equipment, internet access), human resource capacity (including language, interview, data entry, and mobile data collection skills; analytical and reporting skills; understanding of good governance), and the political/security context in the area. Following these assessments, IPIS identified the Mambasa region of Ituri as the focal point for its pilot. IPIS plans to establish a base in Bunia, where there is a fairly strong community of civil society organizations, associations, and faith based networks. IPIS will work with these and other groups in the region to train partners on skills including mobile data/GIS collection; personal and data security awareness; conduct and practices when visiting mine sites and conducting interviews; lateral/critical thinking to support interviews and analysis; and good practices for presenting credible and meaningful information through reporting.

To the extent that it will be possible, members expressed interest in the template trainings and tools (e.g., data collection apps) that could be shared beyond the geography in which IPIS is engaging, in support of other civil society engagement and capacity building.

While IPIS expects to provide skills and training, Fiona emphasized the mutual and peer learning opportunity with local civil society in the area, informing IPIS of the complexities and dynamics in the sector. IPIS is also engaging with and learning from the work of PPA member Partnership Africa Canada, who have gold pilots in the Mambasa region.

*Joanne Lebert, Partnership Africa Canada (PAC)*, shared updates on a number of PAC's activities to enhance civil society engagement in due diligence, including the following:

- PAC will hold a workshop in Uganda to provide technical training and capacity building for civil society organizations in the region to help them monitor supply chain integrity and conformance with OECD, and to communicate their expertise and findings with downstream industry and other stakeholders seeking information on risks and mitigation activities in the region.
- The Just Gold Project, an earlier version of which received funding from PPA in 2012 – 2013, has established an operational mine to export supply of OECD-conformant gold. The pilot's remote location in Some, Ituri, does not have many structured civil society organizations, and PAC is working with local community based organizations and associations to help them to monitor the sector. PAC has already begun to coordinate with IPIS to align efforts and share insights.
- PAC is working with civil society partners to research taxation in the country and opportunities for fiscal reform. (At present, gold miners encounter a range of taxes, many of which are exorbitant or even illegal, which further disincentivizes engagement in formal, legal trade. However, PAC convened a workshop earlier this year with local government representatives to argue this point, and was asked to present a proposal for fiscal reform.)

Joanne echoed Fiona's point that many local civil society organizations have deep expertise but may not always have technical tools or understanding of the supply chain dynamics needed to communicate their knowledge to stakeholders who can act upon it. The PPA and others seeking to promote responsible sourcing of GLR minerals can do so by working with local civil society to help package their expertise and knowledge and providing access to networks that can make use of it. One tool to support this could be the civil society due diligence reporting template developed by PAC, which could also be shared with the PPA.

*Sophia Pickles, Global Witness*, described findings from a recent [Global Witness report](#) on gold supply chains in the Eastern DRC, completed in partnership with local civil society, and reflections on possible roles for the PPA.

The report highlighted a significant shift in the challenges seen in North and South Kivu over the last 5 years in the gold sector. Critical international laws have been enacted, and awareness of OECD due diligence guidance has increased significantly. Yet there continues to be a role for the PPA and its members in building connections between international conversations and what's going on in the ground. Global Witness, for instance, works with local radio stations to discuss OECD due diligence guidance, human rights laws, and implications for practices on the ground. The PPA could provide support to individuals in civil society groups who are undertaking their own independent monitoring; help to distribute information or resources that exist (e.g., by highlighting IPIS' and others' websites); and making an effort to engaged directly with people who are experts in their fields. Sophia expressed great support and interest in the work by IPIS and PAC to work closely with local civil society to gather information that already exists and providing tools to better regularize and gather that information.

With elections coming in DRC, Sophia – echoed by a number of others – expressed concern that civil society space is getting “squeezed.” In the last month alone, Global Witness has had to evacuate three individuals who are monitoring supply chains. Sophia shared anecdotes illustrating that the PPA has name recognition locally, and flagged that the PPA's members – collectively and individually – can play an important role in terms of diplomatic support and messaging in support of civil society freedoms and protections. With care and discretion, the PPA could argue that improper treatment of civil society strongly risks undermining the progress in the sector, and the ability of private sector investors to conduct supply chain due diligence.

Sophia also noted an opportunity for companies to support due diligence in the supply chain by going beyond “template-style reporting” in SEC conflict minerals reports, referencing OECD guidance that companies should report on their efforts to understand their supply chains. Companies that are many supply chain tiers away from the mine site are unlikely to have mine site level data, but they can report on what information is and is not being provided by their smelters and refiners. This information can in turn enable civil society, government, and the private sector to encourage meaningful due diligence by smelters and refiners and upstream actors.

*Sasha Lezhnev, Enough Project*, reminded participants that gold is the most profitable mineral for armed actors in the DRC. Many challenges remain, and some developments that seem like progress may not represent true improvements (e.g., in some territories previously controlled by armed groups, the army has taken over, but abuses of civilians have remained constant or increased). However, there are real indicators of progress, including the removal of a major refiner – Kaloti – from the Dubai Multi Commodities Center list based on information gathered by Global Witness and its networks.

Sasha noted the following opportunities for PPA engagement to support ongoing progress in the artisanal gold sector:

- Engage with DRC national and provincial agencies to encourage faster processing of applications for artisanal mining zones, a critical step that grants key rights to artisanal miners and enables them to access loans and other resources.
- Engage with the UN and MONUSCO to seek an engagement strategy to protect civil society organizations that are monitoring the ASGM sector.

### **Political and Security Briefing**

***Echoing remarks on artisanal gold, perspectives from two in-region organizations, the International Organization for Migration (IOM), and the Intergovernmental Conference of the Great Lakes Region (ICGLR) noted important improvements in recent years. However, current political uncertainties in the region – especially in DRC – threaten to undermine progress to date and obstruct future efforts. The PPA should consider how to mitigate these risks, including through continued work to bolster civil society capacity, as well as through more direct engagement with the ICGLR and member states.***

*Cherif Diallo, IOM*, shared remarks on how the current political and security environment in DRC could impact responsible sourcing. His comments are excerpted here and [attached in full](#).

With the support from United States Agency for International Development (USAID), the International Organization for Migration (IOM) through the Responsible Mineral Trade (RMT) project contributes to strengthening the capacity of the DRC government to regulate trade in strategic minerals of tin, tungsten, tantalum and gold (3TG) in and around the pilot mining areas of validated conflict-free mineral supply chains.

Based on IOM experiences in this role, Cherif shared observations including the following:

- Political/Security Environment in the DRC: Responsible sourcing and RCM are enhanced by stable political and security environments. For example, the 2013 defeat of the M23 in North Kivu and reduction of armed group influence in the Shabunda territory of South Kivu has supported expansion of validated conflict-free 3T sites.
- Unpredictable Security and Political Situation in the DRC and RCM: The DRC is *experiencing* political tensions over the presidential election schedule and process. Events including political dialogues and general strikes, along with violent response to demonstrations, create instability. Responsible sourcing could be impacted in many ways, such as if government technical services lapse; implementing partners cannot conduct validation missions or support due diligence and traceability systems; civil society monitoring and whistleblowing is undermined; status and presence of military changes, etc.
- Risk Mitigation Measures: IOM suggested a number of risk mitigation measures, including MONUSCO engagement to address security vacuums and deter armed groups; strengthen civil society capability to monitor mines and armed group activity; formalize gold supply chains to reduce fraud and possible conflict financing; and utilize mining police along transport routes.

*Ambassador Ambeyi Ligabo, International Conference of the Great Lakes Region (ICGLR)*, shared a perspective on the political and security situation within the broader region. He noted that the political situation in GLR may not be very far from what is happening in other parts of the world in that it is highly unpredictable. Among ICGLR member states, tensions primarily emanate from elections that have not or

will not be held in accordance with the constitutions of member states, removing legitimacy from these governments. Affected countries include DRC and Burundi, as well as Central African Republic, Sudan, and Congo Brazzaville.

Specific to Burundi, Ambassador Ligabo reported on a recent meeting in Dar es Salaam under the former president of Tanzania, involving current Burundi leadership, along with opposition leaders. The meeting sought the development of a framework for government involving both to enable normalcy to return to the country. Several major players, including and especially actively engaged NGOs, have been removed or have left the country recently. The current political and security situation has negative implications for the Regional Certification Mechanism.

Ambassador Ligabo also reported on recent developments regarding DRC elections and political evolution. A meeting in October convened by the mediation team in collaboration with the DRC government, alongside the European Union and African Union, explored next steps to convene elections in DRC. Despite a constitutional deadline to hold elections in November 2016, and for President Kabila to leave office on 19 December 2016, voter registration has not yet taken place and no funds have been set aside to convene an election. The meeting identified a plan to establish a transitional government to be seated on Kabila's scheduled exit date, and for voter registration to take place in 2017, with an election in April 2018. A communique articulating these commitments was circulated following the meeting, and Ambassador Ligabo will share it with RESOLVE for distribution to the PPA. [Note: since the member meeting, Kabila has replaced his prime minister with a member of the opposition party, effectively indicating his intention to remain in position until the elections.] Ambassador Ligabo flagged that a political crisis could have negative impact on all that has been achieved in recent years with regards to implementation of the Regional Certification Mechanism (RCM), and could affect the companies located in the DRC. Changes to the government ministries under a transitional government could also create some uncertainty for the implementation of the RCM. Ambassador Ligabo encouraged increased engagement by the PPA with the DRC government and the ICGLR to encourage continued progress and to maintain the improvements to date.

## VISION FOR PPA PHASE II

**Members are supportive of recommitting to the PPA, including extending the current MOU which is set to sunset in August 2017. At the same time, much has changed since the PPA's founding in 2011, and members considered how to evolve or in some cases reinvent the PPA's activities to reflect the current policy context and the landscape of initiatives supporting responsible sourcing in the Great Lakes Region and elsewhere. Input will be incorporated into a draft strategic plan for member review in early 2017.**

Participants reflected on the changes since the PPA's establishment in 2011, including the establishment of SEC regulations, testing and maturing of regulatory and private sector due diligence systems, and increased numbers of conflict-free mine sites.

Yet many challenges and needs remain, including the following:

- Maintaining and scaling up progress on 3Ts
- Supporting further capacity building of civil society and government
- Further enabling and improving incident reporting and follow-up
- Qualifying and communicating impacts of investments and efforts in the region
- Strengthening alignment of systems (e.g., sharing definitions, criteria, standards)

- Addressing resource coordination and gaps

The PPA Memorandum of Understanding (MOU) signed by all participants is scheduled to expire in August 2017. With this upcoming deadline, members discussed the value and potential scope for Phase II of the PPA, including how to build on and leverage unique strengths and assets and how to update or reinvent roles to fill new gaps or address persistent challenges.

Jennifer Peyser, RESOLVE, shared the results of a PPA Member Survey. Members identified several unique benefits and contributions demonstrated by the PPA since its founding, including the following:

- The PPA possesses the convening clout to address tough, cross-system issues, such as through the [PPA's Alignment sessions](#), which spur frank conversation on coordination, performance, regulatory and market acceptance factors
- The PPA is a conduit for organizations with limited resources to contribute to effecting change on the ground
- The PPA's pilot and research projects provide information directly from the region
- The PPA's collaborative and tripartite membership brings leverage and credibility and enables a unique opportunity to engage with government partners. It has also offered learning and capacity building benefits – developing understanding among leaders from all sectors and allowing for shared learning on responsible supply chain strategies. This in turn has created “ambassadors” for responsible sourcing who can mobilize their own sectors to support the PPA's objectives.
- The PPA has meaningful working relationships and networks with in-region partners, allowing strong upstream-midstream-downstream linkages.

Members also identified interests and potential priorities for Phase II, with some tradeoffs and remaining questions.

#### *Potential Legislative and Regulatory Impacts*

Members noted existing or potential legislative developments in the US and Europe which could directly or indirectly impact the PPA's work and members:

- Some anticipate congressional efforts to repeal Dodd-Frank, including Section 1502 on conflict minerals reporting. Given that the PPA was founded prior to the passage of Dodd-Frank, discussion indicated that this may not impact the PPA's mandate and value, though it will need to more clearly brand itself as a voluntary initiative.
- EU regulations on conflict minerals are expected to be finalized soon, and phased in over 3-4 years.
- Donor funding could be impacted. For example, some believe there could be a deprioritization of US donor funding to the Great Lakes Region. This could impact several PPA members, as well as future funding to support the PPA Secretariat. At the same time, the EU may have additional resources via new partnerships and regulatory implementation commitments.

Although these issues may not be clear or resolved for some time, participants discussed how a Phase II membership and funding model could be designed for resilience in a changing legislative, regulatory, and donor environment.



### *Convening, Coordinating, and Alignment*

Many members see clear value in the convening and alignment role that PPA plays, and are interested in an expansion of that role. Suggestions included more regular alignment sessions, to increase accountability, as well as coordinating and engaging members in monitoring follow-up from alignment sessions. Additionally, the PPA could add value by contributing to the understanding of the landscape, as well as the roles and value of the various organizations with related mandates. (Commenting on a CFSI infographic under development was noted as a first step toward this goal.)

To improve coordination and reduce duplication, and toward the objective of designing for resilience, members also suggested seeking to expand membership to include additional governments funding activities in the GLR (Canada, UK, Netherlands, Germany, others). Additionally, broader representation of non-electronics industries who use 3TG (e.g., jewelry, automotive, aerospace) could enhance the visibility and ethos of the PPA as a voluntary initiative geared toward responsible minerals sourcing.

While members articulated that PPA has “done a good job” of coordinating with other groups to date, they also flagged the importance of this role in coming years and suggested establishing more formal coordination mechanisms, in particular with the European Partnership for Responsible Sourcing (EPRM), OECD, and CFSI. RESOLVE will speak with these groups to understand how they view the PPA, opportunities for PPA to fill perceived gaps, and whether and how to formalize expectations and forums for coordination.

However, it was noted that the PPA has had difficulty qualifying and quantifying the value from alignment and convening-type activities. For Phase II, the PPA should identify a baseline and critical indicators, as well as a monitoring mechanism, to measure and communicate impacts from this line of activity.

### *Grants to In-Region Projects*

The sense of achievement from the PPA’s in-region grants was mixed. On the one hand, the PPA’s grants have supported good work, including early activity that brought attention to the dynamics, needs, and potential approaches for artisanal gold mining in the region; the establishment of the Independent Mineral Chain Auditor office; and building civil society capacity to monitor and support responsible sourcing activities. On the other hand, the PPA has comparatively modest resources that necessarily limit the scope of possible impact. With these tradeoffs in mind, some suggested that the PPA consider shifting focus away from on-the-ground funding.

However, industry members in particular flagged that this component of the PPA’s activities makes the best case for higher management approval for membership in and contributions to the PPA, as it has the most quantifiable and communicable impacts. Establishing more defined goals and desired impacts (including indicators) in Phase II could support more selective and strategic grant making. For example, the PPA may wish to identify artisanal gold as a primary focus for its grants.

### *Geographical and Topical Scope*

Most participants felt that the PPA’s geographic focus should remain in the Great Lakes Region, given its deep relationships in the region, limited resources, and in an effort not to continue to distinguish from the mission of the newly launching, globally-focused EPRM. However, members supported crafting the MOU so as to remain open to complementary activities which may not be solely limited to the GLR, as the landscape could change over the next 5 years. For instance, some felt that the PPA should view its

mission as encompassing the full supply chain emerging from the region. Additionally, the PPA's findings and resources could be useful in other regions, and the PPA could consider translating and sharing them.

Members briefly discussed whether the topical scope should include other minerals, but general opinion seemed to prefer a continued focus on 3Ts and gold, as this aligns with existing due diligence, regulatory, and other supply chain frameworks.

### *Resources*

A renewed commitment for further years of activity will require additional financial contributions from private sector members, and members discussed expectations, formats, and potential new approaches. Considerations include the following:

- There may be a company preference for annual contributions rather than a larger one-time contribution. However, companies likely cannot commit to more than one year of funding at a time, which would create uncertainty about resources and budgets year-to-year, including for potential grant making capacity. Additionally, the process of confirming and processing renewals annually would require additional resources for the Secretariat.
- The PPA could consider applying for grants from foundations.<sup>1</sup>

Members also noted that the combined "brand recognition" of PPA members has been a largely untapped resource which could be brought to bear to encourage further progress on the ground outside of the grants and alignment activities.

### *Next Steps for Strategic Planning*

The PPA Governance Committee and RESOLVE will reflect on the discussions during the Member Meeting and will propose a Phase II strategic plan for member input in the coming months.

### **PPA "State of the Union"**

Taylor Kennedy, RESOLVE, shared [a brief presentation](#) to update members on the status of PPA projects, resources, and activities, which included the following highlights:

- Since its inception in 2011, the PPA has grown to include 51 member organizations (17 NGOs, 27 companies, 4 industry associations, and 3 government agencies).
- The PPA has convened 8 "alignment" sessions with ICGLR, Member States, in-region system implementers, which
  - o Identify common due diligence challenges, info needs, redundancies; opportunities to streamline
  - o Secure and follow commitments for information sharing and coordination across in-region systems
- To date, the PPA has raised nearly \$1.4 million from the private sector, which has enabled 6 grants, whose impacts included:
  - o Establishment of the Independent Mineral Chain Auditor office
  - o Bringing attention to dynamics, needs, and potential approaches for ASGM
  - o The development of a graphic manual on due diligence for miners, traders, and community members with limited literacy
  - o Building civil society capacity to monitor and support responsible sourcing activities

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<sup>1</sup> The [Bench Marks Foundation](#) in South Africa was suggested as a potentially relevant donor.



- Approximately \$185,000 remains in the PPA funding pool to be granted, and the Governance Committee is currently reviewing proposals on projects focused on at least one of the following issue areas:
  - o Building capacity for improved health, safety, and economic empowerment in ASM communities
  - o Strengthening upstream independent monitoring via civil society and upstream engagement
  - o Measuring impacts of due diligence

Although the PPA Memorandum of Understanding (MOU) is scheduled to expire in 2017, there is apparent interest from a number of members in renewing the MOU. In the coming months, RESOLVE will be working with members to:

- Identify a vision and strategy for PPA Phase II
- Facilitate membership renewals and recruitment
- Continue supporting alignment of systems implemented in the Great Lakes Region
- Support the completion of committed grants, including the IPIS pilot, and supporting a transition of the Independent Mineral Chain Auditor office to additional grantors or self-funding practices

It was also announced that the International Organization for Migration (IOM) has allocated funding to support PPA facilitation in 2017 and 2018, allowing any new contributions from the private sector or civil society to be directed toward future projects and grants.

### Supplemental Materials

- [PPA Meeting Agenda](#)
- [List of Participants](#)
- [How the Evolving Political and Security Situation could Impact Responsible](#)
- [Sourcing and the RCM in the DRC](#)  
(Remarks from IOM)
- [Presentation from IPIS](#)
- [PPA Update presentation](#)