

CAPAZ - Cadenas de Paz: A Solutions for Hope Project

Meeting Statement

Colombia is positioned to be a global leader in responsible minerals management.

We heard from Government of Colombia representatives that Colombia plans to promote and support the implementation of the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and recognizes that international markets expect traceability. In addition, Colombia expects mining to be undertaken in a way that supports its social development policies.

The representative of the Canadian Embassy referred to the policy importance Canada places on responsible mineral development and Canada's interest in a conflict-free mining sector.

With respect to the OECD, it was noted that 46 countries support the due diligence guidance, including the supplements on gold and on tin, tantalum, and tungsten. In the future, we should expect that the European Union and others will make due diligence a consideration for market access.

In short, traceability is coming. Producers will have to be accountable for their products, and it is in Colombia's interest to be prepared.

The downstream industry accepts and expects suppliers to demonstrate traceability and attaches importance to the OECD guidance. It was noted that the practical expression of due diligence is systems and traceability mechanisms supported by adequate documentation and independent verification. Implementation emphasizes risk assessment and management and encourages continuous improvement. Right now, there is a "rally" in developing systems.

On February 19, 2014, in Medellin, with support from the Embassy of Canada and several partners, Resolve convened a multi-stakeholder consultation to develop voluntary programs that would result in traceable Colombian gold production in accordance with OECD due diligence requirements. Voluntary pilot programs support in-region systems development and encourage communication and partnership between leading upstream, mid-stream, and downstream actors.

Key messages from initial participants included the following:

1. **Characteristics for pilots.** Work within the law, deliver technical assistance and training, improve practices, and encourage formalization. Generate positive collaboration and good

coordination with all levels of government. Encourage formalization and access to markets at fair prices. Identify examples of conflict-free mineral development. Encourage transparency of company information for the purposes of law enforcement. Do no harm to Colombia's market for gold.

2. **Primary bottlenecks and challenges** must be addressed. These include: 1) incomplete institutional frameworks; 2) a lack of training and resources; 3), uneven application of the law and delay in modernizing the legal framework; 4) lack of clarity about the background of supply chain actors and where the gold is going; 5) the absence of standardized industry-wide procedures and instruments; 6) the ability of armed actors to pay more for gold than international markets; 7) lack of access to credit; 8) broad tolerance of illegality; and 9) links between informality and involvement of illegal armed actors. In addressing these issues, it is important to avoid creating unnecessary red tape/bureaucracy or perverse incentives.
3. **What's working?** There are many positive indicators, including: good relationships among key government, industry and civil society actors; good practices in mines and refineries; broad transmission and receipt of demand signals with regard to traceability; and industry willingness to take voluntary measures and test approaches. Colombia's Single Registry could also be a great asset and building block for traceability.

Pilot Opportunities:

Our vision is production of the first validated source of conflict-free minerals according to the OECD guidance. For example, for gold we would like to undertake "the first pour" before the end of 2014.

From our planning to date, there are three elements to first production:

- Formal production and validation with a local refinery already using a well established traceability system
- Artisanal sourcing of ARM-certified conflict-free sources, and other sources and participants
- Artisanal scale mining (ASM) through formalization programs, with cooperating mining companies and refineries

Additional opportunities include:

Upstream pilot support and capacity building:

1. Develop in-region capacity for review and assessment of the traceability of target minerals up to production and export—with participation by or coordination with the OECD.
2. Build on current ASM training programs to provide miners with a Conflict-Free Due Diligence training certificate.
3. Develop and test programs to provide independent financing, materials, and equipment for ASM. This may include financial formalization and work with banks for appropriate financial instruments.

4. Engagement with refining community, including information, tools and training, to enable them to meet the requirements of certified production.

Downstream work:

5. Careful, sequenced engagement with importers/refiners in the US and Europe to inform them of Colombia's achievements and the growing availability of OECD conformant sources. Support from these processes to encourage the in-region process.
6. Build alliances with the electronics community, jewelers, and other manufacturers to inform them of the availability of Colombian conflict-free validated minerals. Encouragement of downstream programs and partnerships to support development of conflict-free sources and scale-up participation.

Communications opportunities:

7. Explore the potential for a partnership with the World Economic Forum through its Responsible Minerals Development Initiative, including Colombia's implementation of the Due Diligence Guidelines.
8. Presentation at PDAC 2015 to the mining community on Colombia's traceability and due diligence implementation.
9. Opportunity for participation at the May 2014 OECD due diligence meetings in Paris.
10. Opportunity for participation at the March 2014 Conflict-Free Sourcing Initiative workshop in Brussels.

Next steps:

RESOLVE will work with the project Advisory Council, Colombian partners, and others to develop a program and identify necessary resources and partnerships. While planning will get underway immediately, the program is expected to formally launch mid-year.

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