

# Public-Private Alliance for Responsible Minerals Trade

## Supporting In-region Alignment

13 May, 2015

OECD

Paris, France

### *Facilitator's Summary*

#### **Meeting Background and Objectives**

The Public-Private Alliance for Responsible Minerals Trade (PPA) is a group of companies, civil society groups, and governments that joined together with the goal of developing and improving conflict-free mineral supply chains in the Great Lakes Region (GLR) of Africa. PPA objectives call for engagement and coordination of in-region stakeholders to identify gaps and solutions to advance this goal.

PPA Participants have a mutual interest in advancing alignment of systems in support of conflict-free mineral supply chains from the GLR. As such, the role of the PPA in this meeting will be as a convener and to encourage information-sharing, dialogue, and coordinated action by those implementing systems.

For the purposes of this meeting, “alignment” refers to OECD due diligence guidance, the ICGLR Regional Certification Mechanism (RCM) framework and standards, relevant national laws (currently, those of Member States, the U.S. Securities and Exchange Commission regulation, and proposed European Union regulations), and market acceptance considerations (i.e., what systems need to achieve and document for minerals to be seen as acceptable by smelters and downstream companies).

On 13 May, 2016, the PPA Governance Committee convened the eighth Alignment Session to share information, answer questions, and document progress and challenges on alignment, in particular the following issues:

- Implementation of the Regional Certification Mechanism (RCM), including reports from Member States (Burundi, DRC, Rwanda), ICGLR, and system operators;
- Updates from the Independent Mineral Chain Auditor office on progress to date and priorities for the office and next months
- Opportunities to collaborate and strengthen the implementation, alignment, and credibility of the RCM.
- Opportunities to harmonize and improve efficiency of information collection and sharing by upstream organizations and governments with downstream industry and civil society.

All participants support responsible mineral production in the Great Lakes Region and agreed to work in a spirit of “trust and mutual confidence among stakeholders taking part in a collective endeavour” (OECD ToR for the gold implementation program). This meeting operated under the Chatham House Rule.

### **Purpose of this Document**

This facilitator's summary was prepared to help document next steps for further action and discussion to address challenges and support continued progress in implementation of the Regional Certification Mechanism (RCM). Participants were given an opportunity to review next steps at the conclusion of the meeting, and this full document by email.



*PPA Alignment Meeting Participants, 13 May, 2016, OECD Chateau de la Muette*

## Summary of Updates, Challenges, Considerations, and Next Steps

The participants of the 13 May, 2016 Alignment Session (see attached list of participants) held a productive discussion and reaffirmed their commitment to work individually and jointly to address challenges and support successful implementation of the RCM. Many other potential next steps and contributions are possible, including by civil society, industry, and other stakeholders and implementers; this list is not intended to be comprehensive. This summary represents updates, considerations, challenges, and ideas raised by participants at the Alignment Session for making progress on implementing the RCM.

## ICGLR Update

### *Secretariat*

- Hiring a designer for regional mineral tracking database. Seeking input and will consult with stakeholders on questions about data and information sharing, etc.
- 8 third-party pilot audits were conducted. Audit Committee is reviewing and sharing feedback with auditors. Summary results will be published on ICGLR website in July 2016.
- RCM evaluation, cost analysis, review of audit methodology (by the Audit Committee), and best practices assessment processes underway
  - Processes could be coordinated to align recommendations
  - All studies will be shared with member states once validated by ICGLR Regional Committee on RINR and submitted to ministers of mines (September 2016).
- RCM evaluation of the standards
  - Should consider new issues and alignment needs for “RCM 2.0” as the system has matured and other developments have occurred, e.g., gold, EU regulations
  - Should clarify how to handle material produced by systems which are awaiting evaluation

### ICGLR Alignment needs and opportunities

- MOU in process with ITRI (for iTSCi), including shared standards, transfer of authority, mutual recognition, whistleblowing, data sharing protocols, etc.
- Working with CCCMC on joint implementation
- Seeking feedback from downstream regarding credibility of certificates and how they are being used after export
- Via Secretariat and Audit Committee, consider how to continue RCM audits while enabling efficiencies
- As progress is made, continue dialogue with downstream systems to assure credibility of certificate in due diligence
- Downstream engagement is part of Audit Committee structure via international industry representative and alternate; ICGLR will also seek feedback from Audit Committee on how to effectively bolster downstream engagement if/when needed

### *Independent Mineral Chain Auditor*

- Drafting confidentiality and communications protocols to govern distribution of information to partners, member states, public
- Near-term (phase I) interests and next steps
  - Training

- ICGLR to identify (in consultation with PAC, PPA, Tetra Tech, others) training curriculum on scope, conduct, and roles for work vis-à-vis ICGLR, member states, partners
- OECD and IOM offered assist with introductions to key parties to the IMCA's work and information gathering in site visits as is useful to the IMCA.
- Country visit(s) or meetings with country representatives to understand status and challenges for implementation of RCM
- Assistant to support research and administration. Seeking 3 additional experts in Phase II (after year 1).

## Member State Updates

### Rwanda

- 100% of Rwanda's 3T exports traceable
- 95% of exports this month were certified -> will be 100% by end of year
- Certificates are fully compliant with Regional Certification Mechanism
- All 651 sites are traceable (currently through iTSCi)
  - 152 cassiterite; 148 wolframite; 351 mixed cassiterite and coltan
- 255 incident reports in 2015
  - 5 corruption; 38 human rights; 212 chain of custody.
  - 110 closed. 145 open.
- 39 incident reports in 2016
  - 1 corruption, 4 human rights, 34 chain of custody.
  - 4 closed, 35 open.
- Developing (with Pact) a standard template to help minerals buyers to compile due diligence information from their suppliers
  - 19 active exporters; 6 filing reports on their suppliers
- Five 3<sup>rd</sup> party audits completed.
  - Exporters should eventually pay for 3<sup>rd</sup> party audits but audits and costs should first be streamlined (and made more affordable)

### DRC

- BGR's update on CTC included an update on 3TG in DRC (see attached BGR presentation)
- Gold is the most problematic and least advanced

### Other Member States

- The PPA invited representatives from several ICGLR member states to the Alignment Session. Due to travel restrictions and other unforeseen issues, most were unable to attend.
- Following the alignment session, Partnership Africa Canada shared a summary of their work to support to the ICGLR and ICGLR Member States (DRC, Kenya Rwanda, Tanzania, Uganda, Zambia) to address the illegal exploitation of natural resources is part of five-year funding provided by the Government of Canada through Global Affairs Canada. (attached)

## System Updates

### *iTSCi*

- iTSCi distributed a written update document, which will be shared electronically
  - Pact clarified that the reported security incidents did not include any armed group incidents; that sexual and gender-based violence incidents were not reported (could be escaping the system); and that child labor issues are documented separately in a child labor reporting template
- There is also in site started in Uganda (not noted on the update sheet)
- Additionally, iTSCi Phase III (e.g., capacity building for NGOs, occupational health and safety; miners' livelihoods program) and child labor work has been underway
- Pact is also engaged (with ELL and IPIS) in developing a SAESSCAM database

### *Certified Trading Chains:*

- BGR provided updates in a series of slides

### *Better Sourcing Program:*

- Three pilots (2 in Rwanda; 1 in DRC pending contract finalization with CBRMT) coming online in June
  - To involve traceability plus BSP information management system, including local monitoring and a scoring system which will be open for consultation, developed with Observatoire Gouvernance et Paix
  - A second module will task agents with collecting information beyond incidents, including data in support of community development
    - Commissioned 3<sup>rd</sup> party review of BSP conformance with OECD due diligence (as BSP not part of OECD's alignment assessment)
    - Seeking feedback from downstream on standard after initial pilots are implemented
- Will share draft disclosure policy

## Common Alignment Challenges

Due diligence and data systems are improving, but there are redundancies and cost inefficiencies. With robust implementation of the RCM and demonstrated success, it is possible that some of the current redundancies in audits, documentation, and other activities could be streamlined within the region and with downstream due diligence systems. In combination with opportunities in an "RCM 2.0" standard, this could result in more efficient and cost effective due diligence for responsible minerals trade in the Great Lakes Region.

### *Audits and Assessments*

- Information sharing:
  - First 8 ICGLR pilot 3<sup>rd</sup> party audits complete: Audit Committee to review; summary findings to be published in June/July
  - Rwanda company iTSCi audits are available here: <https://www.itri.co.uk/information/itsci/itsci-company-audits>
  - PPA to share document summarizing different audits (prepared by BGR for November 2012 Alignment Session), all invited/encouraged to distribute
- Alignment opportunities:
  - iTSCi (ITRI) / ICGLR MOU underway (final, to be signed)

- In their June meeting, the Audit Committee will discuss and map how different audits work together (ICGLR Secretariat confirmed agenda item)
- OECD offered to host informal discussion on cost sharing among supply chain participants and premiums
- For further discussion: possible alignment of baselines/assessments for CTC, iTSCi

### Data

- Information sharing
  - BGR DRC database includes all site information (duplicates removed) from the following sources: IPIS, iTSCi, IOM, CTC, MONUSCO
  - SAESSCAM's forthcoming database is being designed by IPIS, ELL, Pact and will serve as aggregator and a portal (funded by PROMINES)
- Alignment opportunities/needs:
  - Defining or determining equivalence for counting mine sites
    - BGR to summarize approach for consolidating information from systems using different definitions
  - Upstream/downstream gap: how to enhance downstream access to information, engagement in incident mitigation, use of data for due diligence without unduly burdening upstream
  - Link upstream metrics discussion to downstream systems that will be seeking data for due diligence
  - ICGLR database: ICGLR will consult with Member States/partners about information sharing
    - Contact Gerard if interested in providing feedback

### Chain of Custody

- Alignment opportunities/needs:
  - Service providers:
    - Member states may have interest in and allow testing of multiple chain of custody systems, with later uptake seen as a commercial decision by individual companies
    - Interest in streamlining member states' approach to testing and implementing systems, consistent with RCM Manual, e.g., for chain of custody report
  - Considerations for sites or supply chains that may use or test more than one chain of custody system:
    - Data disclosure between systems (in support of existing membership or other agreements)
    - Coordination with local committees
    - Export volumes / containers (segregation of minerals from different COC systems)

### ICGLR Certificates

- Alignment opportunities/needs:
  - The relationship between certificates and a meaningful chain of custody and due diligence processes is critical. ASM gold is a particular concern.
    - Certificates are in some case being issued for artisanal sources without traceability established, in the interest of distinguishing between artisanal gold

from validated and non-validated sources. The government is incentivized to issue certificates despite lack of traceability because the certificate process enables tax collection and some level of control of these minerals, as compared to artisanal gold that goes through only informal/illegal channels. This practice undermines the credibility and utility of the certificate as a due diligence tool.

- DRC CEEC issued 63 certificates for artisanal gold, 1 for wolframite – no traceability in place; mines associated with these materials not published.
- Need to address material from sites that are validated as conflict-free but which do not yet have a chain of custody in place. In addition to gold, 3T stocks can also be a challenge for transition time between decree and start of tagging.
- Ultimately, member states seek to make the certificates (and the verification represented by these certificates) meaningful rather than duplicative to downstream systems. (This could also mean that tags are part of the RCM rather than another element to accompany materials after export.)
- Transparency to civil society and supply chain with regard to procedures, systems, and decisions behind certificate issuance is critical to credibility
- Once implemented, ICGLR database will be a helpful tool for information sharing, transparency, and standardizing procedures for certificate issuance

### *Gold (also see ICGLR Certificates above)*

- Information sharing
  - The PPA will consider whether and how grant funding could target a specific research question (e.g., ASGM financing, creative solutions to outstanding gaps for supporting cleaner gold).
- Alignment opportunities/needs:
  - Financial and commercial institutions must be involved in devising solutions
  - Member States are responsible for supporting an enabling environment for reform

### *Engagement and Communications*

- Information sharing
  - Local and provincial committees – sharing meeting summaries
    - Request for ITRI to share (Roland bring to iTSCi Governance Committee/ITRI)
  - Downstream
    - Via Audit Committee
    - Audit Committee to consider, make recommendations on downstream 2-way engagement, esp. to check expectations re: systems (repeat of above)
    - Feedback to BSP on progress criteria, reputational risks beyond OECD – after pilots underway, next round of feedback

### *Incident reporting*

- Information sharing
  - Due diligence reporting and examples
  - All stakeholders and supply chain partners are encouraged to use the incident reporting system as they conduct research, interviews, etc.
  - Importance of transparency/communications to credibility
  - Speed with which incident information is made public

- iTSCi incident summaries available online (6 months after available to members) at <https://www.itri.co.uk/information/itsci/itsci-incident-summaries>
  - BSP to share draft disclosure policy
- Alignment needs/opportunities
  - Standardization of methodology / best practice is needed, including the following:
    - Defining incidents
      - Scoring severity
      - Defining “security” (armed group vs. other)
      - Defining human rights
      - Counting child labor
    - Threshold/criteria for resolution/mitigation of incidents
    - Downstream engagement - link with downstream due diligence systems
    - Step 5 reporting harmonization
      - OECD to share guidance for upstream reporting
        - Service providers could also assist in harmonizing reporting and expectations

## Summary of Commitments and Documents to be Shared

**All participants are asked to send documents by Friday, 10 June and other information as soon as practical** to PPA Facilitators Jennifer Peyser and Taylor Kennedy, RESOLVE ([jpeyser@resolv.org](mailto:jpeyser@resolv.org); [tkennedy@resolv.org](mailto:tkennedy@resolv.org)) for distribution to and follow-up with alignment participants.

- **BGR**
  - Share meeting slides on CTC
  - Share CTC summary (pdf of handout)
  - Share BGR database summarizing missions in excel file (note that it is regularly updated, so this will only be a snapshot)
  - Share methodology used to translate mine site data from multiple systems into coherent system
  - Share relevant Kinshasa and Hannover websites
- **BSP**
  - Share information management system handout
  - Share draft disclosure policy
- **ICGLR**
  - Facilitate Audit Committee discussion (June meeting) on mapping the range of audits and alignment opportunities
  - With IMCA, PAC, and others, identify scope for IMCA training
  - Make study reports available once validated by Regional Committee.
- **IMCA**
  - Dr. Jean to share updated work plan
  - Dr. Jean and ICGLR to identify (in consultation with PAC, PPA, Tetra Tech, others as appropriate) training curriculum on scope, conduct, and roles for work
- **IOM**

- Assist with introductions to key parties to the IMCA's work and information gathering in site visits, as needed/requested by the IMCA.
- **OECD**
  - Share upstream Step 5 reporting template
  - Offered to host discussion on how audit and chain of custody costs should be shared by supply chain partners
  - Assist with introductions to key parties to the IMCA's work and information gathering in site visits, as needed/requested by the IMCA.
- **Pact**
  - Update quarter overview with definition of "security incident" category and clarification that there were no armed group incidents in this category (in current report)
  - Share child labor incident summary (current, if possible, or for future updates)
  - Share "Stories from the field" example of how an incident was identified, addressed, and resolved
  - Share updates on the SAESSCAM database (3TG, diamonds, copper, cobalt, etc.) when available
- **PPA (RESOLVE)**
  - Share audit overview (types of inspections, audits) from 2012 PPA alignment session (attached)
  - Consider funding/RfP or convening role in support of artisanal gold
- **Partnership Africa Canada**
  - Share update on RCM implementation support to ICGLR and member states (attached)
  - Follow up with ICGLR and IMCA regarding IMCA training opportunities and topics
- **TIC** to request that ITRI share local and provincial committee reports
- **USAID**
  - Share information with other donors ("floating group") regarding IMCA office funding needs for year 2 (starting March 2017) and beyond

## PPA Alignment Session Participants – 13 May, 2016

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