

Public-Private Alliance for Responsible Minerals Trade

Supporting In-region Alignment

7 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 was to serve 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 7 May, 2015, the PPA Governance Committee convened the seventh 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;
- Understanding needs and opportunities for getting conflict-free, artisanal gold from the GLR to market; and
- Discussion of opportunities to collaborate and strengthen the implementation, alignment, and credibility of the RCM.

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 the summary at the conclusion of the meeting and by email.

Summary of Updates, Challenges, Considerations, and Next Steps

The participants of the 7 May 2015 Alignment Session 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. The following list represents updates, considerations, challenges, and ideas raised by participants at the Alignment Session for making progress on implementing the RCM:

Member State Updates

DRC:

- 166 companies/sites
 - o 129 are green validated
- 365 sites (pits) across iTSCi project.
- 2638 ICGLR certificates for 3Ts and industrial gold
 - o 264 certificates issued for tantalum (1092 tons or 82% of exports) and tin (2688 tons or 73% of exports)
- ➔ Will provide info on # of certificates for 3Ts and gold.
- 41 pits within CTC system

Rwanda:

- Total of 246 sites.
- 158 inspected; data from 56 of these ready to be uploaded.
- 112 mine sites still need to be inspected.
- Traceability in place for 100% of mine sites.
- 133 tag managers in place
- 8 inspectors.
- 143 ICGLR certificates issued – for wolfram, cassiterite. No exports of tantalum.

Burundi:

- 27 sites where iTSCi is operating (11 coltan, 11 tungsten, 5 tin)
- No certificates
- No gold sites

ICGLR

- Approval to move forward to hire IMCA
- Implementation plan with early, mid, and longer-term priorities
- Audit committee has begun 2nd term; has held several meetings

- Will move forward on pilot third-party audits over summer
- Whistleblowing mechanism making progress; pilot planning in progress

iTSCi

- iTSCi distributed a written update document, which will be shared electronically

Common Challenges:

Traceability and Reporting

There is a need for clarity on expectations of systems and actors that enable due diligence and confidence of certification and traceability systems. The cost burden upstream is exacerbated by differing interpretations and implementation needs, as well as definitions (e.g., “mine site”). Downstream confidence is limited by the outstanding need for 3rd party audits and the IMCA. There are continued needs for information sharing and harmonization of capacity building initiatives.

Upstream partners need:

- Feedback from downstream actors about where the minerals with certificates are going.
 - ➔ CFSI will continue to seek feedback, but information has not yet shown up in CFSP audits. ICGLR could engage in direct discussion with traders and smelters to get more information.
- Financing of cooperatives for capacity building (to meet and conduct inspections), equipment, and other operations
- Artisanal miners and exporters need information about site validation status and traceability expectations.
- Need for harmonization of trainings on due diligence compliance, export procedures, and mine site inspections.
- Cost management and greater efficiencies in traceability/due diligence systems, including audits and reporting. Reporting and auditing templates and requirements will need to be harmonized to minimize upstream burden from existing and new systems (e.g., China)
 - ➔ ICGLR will conduct assessment of granularity and costs for RCM implantation
 - ➔ OECD also expects to conduct an alignment assessment (fall 2015, if funding approved) which can inform in-region assessment
- Full RCM in operation (including IMCA) to support greater credibility of the system from downstream buyers
- Greater clarity and standardization of the term “mine site” (alignment among requirements and objectives to meet national law, ICGLR manual, traceability systems, and downstream systems).
 - ➔ CBRMT/Tetra Tech will convene downstream discussion of expectations of mine site definition as part of their RCM assessment
- Continued engagement between member states and donors to agree on priority activities and pilot sites and coordinate among projects.

Downstream partners and civil society are additionally seeking:

- Transparency of reporting from local committees (CLS) and provincial committees (CPS)
 - ➔ A more formal request from downstream will help to make the case to government for publicizing committee reports
- Progress on ASM formalization efforts. (Across formalization and finance questions/initiatives, Inclusion of gender-mainstreaming considerations across ASM and formalization efforts.)
 - ➔ OECD to continue supporting coordination of ASM gold discussion

Gold

- BGR and Tetra Tech are planning pilots to support responsible gold sourcing
 - ➔ BGR will share summary from planning/scoping meeting
 - ➔ Tetra Tech will share assessment plan
- Further discussion is needed on whether the RCM should include a different approach for gold, with risk-based requirements dependent on proximity to conflict. Traceability may not be needed, but downstream needs information on origin and other factors to enable appropriate due diligence (per Annex II of OECD guidance).
 - ➔ ICGLR is arranging an expert meeting of all member states, including partners, on this issue.
- There is a need for further exploration of incentives and disincentives for participation in legal supply chains. Considerations include:
 - Administrative burdens on miners seeking to become legal and formal
 - Harmonization of tax codes – between countries and provinces
 - Miner income levels and ability to pay taxes
 - Technical assistance (and improvements in yields, work conditions, capacity building trainings, reinvestment in communities)
 - Land tenure issues across the region
 - Security
 - Access to pre-financing
- The finance issue merits particular exploration and solutions-building. Some options and considerations to explore further include:
 - The leveraging and convening power of banks
 - Loans from banks for formal cooperatives, or to support interventions/pilots
 - Government supported micro-loan programs
 - External microfinancing institutions
 - Socially responsible investors
 - Pre-financers within current supply chains who demonstrate willingness to move into legal supply chain
 - Limitations and disincentives posed by current challenges moving money within DRC
 - Creating an enabling investment environment, both for international investors as well as domestic investors
 - ➔ The PPA could convene a conversation, involving financial actors, to discuss limitations, needs, and opportunities

Summary of Agreed-Upon Next Steps and Actions

ICGLR

- ➔ Convene RINR Steering Committee and others as appropriate in discussion of mine site definition
- ➔ Assistance in engaging Uganda, Tanzania, other member states in future alignment meetings
- ➔ Engage member states and stakeholders in possible name change for the IMCA to better reflect the office's role/responsibility
- ➔ Engage traders and smelters to get more information on where minerals with ICGLR certificates are ending up
- ➔ Convene discussion on approach for ASM gold within the RCM that meets OECD Annex II due diligence requirements while also taking into account unique qualities of gold (vs. approach to 3T)
- ➔ Send communiqués to the PPA GC as appropriate, to encourage information sharing
- ➔ Consider how to incorporate reporting from the whistleblowing mechanism into existing upstream system reporting/activities.

Member States

- ➔ Consider issuing a directive to provincial governments requiring local and provincial committees to be formed and for their reports to be shared online (once reports are formally approved, and to be shared in a way that considers safety of committee members).

OECD

- ➔ Support mapping and streamlining/cross-recognition of audits – first step is an alignment assessment planned for fall 2015. Methodology could be shared with and used by the ICGLR for a follow-on assessment.
- ➔ Continue convening discussions on ASM gold

CBRMT

- ➔ CBRMT/Tetra Tech will convene downstream discussion of expectations of mine site definition as part of their RCM assessment

CFSI

- ➔ CFSI will continue to seek feedback from smelters about the destination of minerals with ICGLR certificates

PPA

- ➔ PPA (RESOLVE) should publish general summary of alignment discussion and put it on the PPA website.
- ➔ PPA GC should provide assistance in identifying an international civil society representative to participate in the ICGLR Audit Committee

Summary of Attachments/Documents to be Shared:

- ICGLR will share
 - o TOR for assessment of RCM implementation costs and level of granularity needed for traceability and reporting. Let PPA know by when comments will be needed.
- DRC Government
 - o Joseph Ikoli's alignment meeting remarks
 - o Document on number of ICGLR certificates issued, by mineral
- PROMINES
 - o AGC study for PROMINES on potential ASM mine sites for mercury mitigation pilots
- iTSCi handout
- BGR will share
 - o DRC validated sites (including #s by mineral)
 - o PowerPoint presentation summarizing BGR gold pilot proposal
- Tetra Tech will share
 - o IMCA needs assessment (once approved by ICGLR)
 - o IMCA implementation table created at April workshop with next steps to be incorporated into implementation plan (once approved by ICGLR) (and the implementation plan once approved)
 - o Gold assessment plan
 - o Compiled definitions of 'mine site' from various laws and standards in region

Initial Ideas for Next or other Future Alignment Meeting Agenda

- Appropriate systems/methods to enable due diligence of artisanal gold
- Mine site definition and data collection/sharing to meet the needs of a) national governments (member states), b) ICGLR RCM requirements, and c) the international market (including traceability and downstream systems)
- Updates on third-party audits (e.g., results from audits, costs, long-term sustainability)
- Reports from additional member states (e.g., Uganda, Tanzania)
- Mechanism for enabling ASM financing in support of legal trade (including local/regional/international financial entities/institutions?)
- Expanding artisanal mining zones