



TO: Participants, 16 April 2018 PPA Alignment Session  
FROM: RESOLVE, on behalf of the PPA Governance Committee  
SUBJECT: Summary of Next Steps and Opportunities for Collaboration  
DATE: June 16, 2018

Thank you for your participation in our 16 April 2018 PPA Alignment Session, and a sincere thanks again to the International Conference of the Great Lakes Region for co-convening this session, and to the Responsible Minerals Initiative and GIZ for their engagement and co-sponsorship. This memo contains a reminder of next steps from the RCM Manual review process; and an invitation and outline of ideas for collaboration between the PPA and other leaders and organizations working in the region, including on implementation of a revised RCM manual.

#### *Regional Certification Mechanism (RCM) Manual Review Process*

At our meeting, we heard from Mike Loch, Responsible Trade, LLC, and Adam Rolfe and Simon Gilbert of Levin Sources, about the initial findings from their consultancy to revise the Regional Certification Mechanism (RCM) of the ICGLR and its main elements: 1) Mine Site Inspection and Certification; 2) Mineral Chain of Custody (CoC) Tracking; 3) Mineral Export and Certification; 4) Mineral Tracking Database; 5) Third Party Audits (of Exporters); and 6) the Independent Mineral Chain Auditor (IMCA). For more information, please see <http://icglr-rinr.org/index.php/en/certification>. The consultants took notes on the feedback received and will consider it in the course of their revisions. The timeline for completion of the revision is as follows:

- Mid-May: First version of revised RCM complete
- Mid-May – Mid-July: Full stakeholder mapping process and ongoing consultation process
- Mid-July – end of August: Revisions based on stakeholder feedback, shared with ICGLR Steering Committee for additional feedback
- September: Incorporate Steering Committee feedback and present to Regional Committee for final approval in October 2018.

Slides and a participant list from the session are attached.

Further feedback can be shared with the consultants: [mikeloch@responsibletradellc.com](mailto:mikeloch@responsibletradellc.com); [simon.gilbert@levinsources.com](mailto:simon.gilbert@levinsources.com); [adam.rolfe@levinsources.com](mailto:adam.rolfe@levinsources.com).

#### *PPA Engagement and Collaboration to Support RCM Implementation*

Another objective of the 16 April meeting was to identify opportunities for the PPA to engage and collaborate in the implementation of the revised RCM. In the course of our session and subsequent Governance Committee discussions, we identified the following, initial ideas, reflecting the outcomes prioritized in the PPA Results Framework (presented in the meeting and attached for reference).

#### PPA Results Framework Outcome 1: Increased alignment of industry operations and governance mechanisms to the OECD Guidance and ICGLR framework

- At the time that a sustainable funding mechanism is found, the PPA, with Tetra Tech, can work with the ICGLR to identify steps needed to operationalize the office of the Independent Mineral Chain Auditor (or new office name TBD through RCM review process). A key first step will be to identify lessons learned from experiences supporting the initiation and early staffing of the office in 2015-2017, including observations and revisions made to the terms of reference, qualifications and selection, budget, office structure, reporting, confidentiality, and other communications.

- The PPA could engage in and co-plan conversations between ICGLR, member states, due diligence systems, civil society, other stakeholder groups, and other donors to discuss and agree on next steps to further alignment within the revised RCM, such as the following:
  - o needs for implementing an amended RCM manual (e.g., potential communications and capacity building needs),
  - o gaps and opportunities to strengthen the enabling environment and conditions for successful implementation of the RCM across ICGLR member states, and
  - o alignment gaps and opportunities to address these across the region and supply chain systems.
- The PPA could also convene a session focused on donors and implementing partners alignment related to RCM implementation, focused on identifying priority implementation gaps, mapping funding and resources, and coordinating to maximize and best leverage resources and investments.

PPA Results Framework Outcome #2: Collection and socialization of high-quality independent data

- To promote information sharing and lessons learned, as well as taking stock of data and impacts, the PPA could host a webinar on an analytical study by IOM of impact, revenues, and challenges associated with 3Ts and gold.

PPA Results Framework Outcome #3: Testing and analysis of solutions to key barriers

- The PPA could organize (or co-organize with partners) a delegation to the region to convene discussions with governmental and other stakeholders on key blockages (e.g., based on initial ICGLR work, convene a discussion about minerals tax harmonization at national and regional levels).
- PPA can engage and amplify key messages to international stakeholders where input is helpful, such as by
  - o circulating the draft RCM revision and consultation notice in mid-May.
  - o circulating a call for input on the ICGLR's ASM Gold Due Diligence Strategy – to be shared in July.
- On an as-needed basis, the PPA can request assistance from members on behalf of the ICGLR, through in-kind, technical support (e.g., database design) or through use of member networks (e.g., distribution of the database development RFP to trusted developers.)
- The PPA could potentially research or engage in specific topics, such as the following:
  - o How blended finance, risk-guarantees for investors, or other financing models could offer meaningful incentives for investment and scaling up of responsible trade and due diligence implementation for artisanal gold supply chains.
  - o Longer-term support opportunities for roll-out and implementation of a revised RCM (e.g., through supporting re-training efforts for committees de suivi or others, socialization around the roles and responsibilities of the RCM, etc.)

We welcome your reflections on any further opportunities for PPA engagement and support in the revision process and the implementation of its result.

# ALIGNMENT SESSION: RCM MANUAL REVIEW

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*Participant List*

16 April, 2018  
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RESOLVE

**Jennifer Peyser**  
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***Other Alignment  
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# PPA Results Framework – Working Draft

## GOAL STATEMENT:

Ensure that tin, tantalum, tungsten, and gold (3TG) minerals used in global supply chains do not directly or indirectly finance armed conflict and contribute to minerals-associated human rights abuses in the Great Lakes Region (GLR).

## PPA OBJECTIVE:

Establishment (G) and scale-up (3TG) of efficient, impactful, and effective minerals due diligence and governance systems in the GLR to promote economically sound and ethical global supply chains.

### OUTCOME 1

Increased alignment of industry operations and governance mechanisms to the OECD Guidance and ICGLR framework, to enhance efficiency of due diligence and related governance systems.

### OUTCOME 2

Collection and socialization of high-quality independent data to identify key barriers to impactful due diligence and to measure progress (toward the goal statement).

### OUTCOME 3

Testing and analysis of solutions to key barriers that are obstructing the establishment and effective performance and governance of due diligence systems.

#### Sub-outcome 1.1

Alignment gaps are identified and addressed through tools or responses designed in partnership with systems and stakeholders

#### Sub-outcome 1.2

Improved knowledge and information sharing among GLR systems

#### Sub-outcome 1.3

Increased engagement with ICGLR Member States

#### Sub-outcome 2.1

Improved access to existing data to bolster due diligence, monitoring incident response, and reporting

#### Sub-outcome 2.2

Improved information on the impacts of due diligence to improve public and private action

#### Sub-outcome 3.1

Identification of key upstream barriers to effective due diligence systems and responsible minerals sourcing and sustainability

#### Sub-outcome 3.2

PPA members' and partners' influence, expertise, and resources leveraged to address barriers

#### Sub-outcome 3.3

Strategies to address barriers to effective due diligence systems and responsible minerals sourcing are disseminated



LEVIN SOURCES



# PPA ALIGNMENT SESSION

## RCM MANUAL REVIEW

Mike Loch

Simon Gilbert

Adam Rolfe

April 16 2018



# Purpose of this session



## What it is:

- Introduction to the RCM Review process – methodology, aims and objective, consultancy team
- Overview of recommendations for changes to the RCM Manual, based on existing literature
- Solicitation of initial feedback from participants on the proposed changes to the RCM Manual

## What it is not:

- A decision making body



# Agenda



- I. Scope and Schedule of the RCM Manual Revision Process
- II. Overview of and Feedback on Proposed Changes to RCM Manual for consideration in First Draft of RCM Revision Parts 1-5, with focus on:
  1. Roles and Responsibilities under the RCM
  2. Proposed Scope of the RCM
  3. Third Party Audits (TPA) of Exporters and Mine Site Inspections and Certification (Frequency and Scope)
  4. Licensing / Registration of Chain of Custody / Due Diligence Systems
  5. Gold challenges; IMCA and Database / data sharing requirements
- III. Recaps of Next Steps for RCM Manual Revision Process



# I. Scope and Schedule of the RCM Manual Revision Process

Phase	Activities	Tentative Schedule
1	Review existing literature and tabulate recommendations in a matrix	Completed
	RCM Revision Information Sessions (OECD)	This week
	Development of Version 1 Revision of RCM Manual	Before 14 <sup>th</sup> May
2	Stakeholder Consultation on Version 1 Revision of the RCM Manual	60 day consultation period - 15 <sup>th</sup> May – 14 <sup>th</sup> July
	Development of Version 2 of the Revised Manual	Mid- August
3	Development of Version 3 of the Revised Manual taking into account feedback of the Audit Committee	TBD
	Validation of the Revised RCM Manual by ICGLR Regional Committee	TBD





# Revision Process- Schedule and Deliverables

N°	Deliverable	Activity <sup>1</sup>	Month						
			1	2	3	4	5	6	
3	D2 - Stakeholder consultation map and plan for stakeholder consultation process	Create a stakeholder consultation map outlining who will be consulted and plan a stakeholder consultation process including comment feedback form / develop a comments and feedback form							
4		Execute a reasonable consultation process, including the organization of consultative workshops							
5	D3 - Compile, review, log, and disposition of all stakeholder comments.	Compile, review, reconcile with follow-up consultation, and log comments							
6	D4 - Version 2 of the revised RCM Manual.	Prepare Version 2 of revised RCM Manual							
Phase 3 – Development of final draft of RCM Manual and approval									
7		Review of Version 2 with the ICGLR Audit Committee to validate revisions							
8	D5 - Final Draft of the RCM Manual submitted to the ICGLR Regional Committee for approval.	Prepare a Final Draft that incorporates feedback from the ICGLR Audit Committee							
9		Present the Final Draft for approval by the ICGLR Regional Committee							



## II. Part 1 - Roles and Responsibilities under the RCM

- The RCM prescribes roles and responsibilities to multiple organisations and entities, which are summarised in the table overleaf:
  - ICGLR: Secretariat, IMCA and Audit Committee
  - Member States
  - Companies (Exporters and Producers)
    - 3<sup>rd</sup> Party Chain of Custody and Due Diligence Providers
- Checks and Balances

# Roles and Responsibility

## Member States

### States should:

- a. Enforce laws that are aimed at, or have the effect of, requiring business enterprises to respect human rights, and periodically to assess the adequacy of such laws and address any gaps;
- b. Ensure that other laws and policies governing the creation and ongoing operation of business enterprises, such as corporate law, do not constrain but enable business respect for human rights;
- c. Provide effective guidance to business enterprises on how to respect human rights throughout their operations;
- d. Encourage, and where appropriate require, business enterprises to communicate how they address their human rights impacts.

*UN Guiding Principles on Business and Human Rights - State Duties -  
Operational Principles 2011*

# Roles and Responsibility

## Company

In practice, due diligence is structured around the steps that **companies** should take to.....

..... pg 14 OECD Guidance

This Guidance applies to all **companies** in the mineral supply chain that supply or use minerals sourced from conflict-affected or high-risk areas. pg 15 OECD Guidance

**Companies** should: Establish a system of controls and transparency over the mineral supply chain. This includes a **chain of custody** or a **traceability system** or the identification of upstream actors in the supply chain. pg 17 OECD Guidance



## II. Part 1 - Roles and Responsibilities under the RCM



Role / Responsibility	ICGLR	Member States	Companies
OECD 5 Step Due Diligence			<b>X</b>
Mine Site Inspection and Certification		<b>X</b>	
TPA for Exporters	<b>X</b>		
Risk Assessments and Spot-Checks			<b>X</b>
Regulatory Enforcement		<b>X</b>	
Chain of Custody Implementation			<b>X</b>
Chain of Custody Validation/Licensing		<b>X</b>	
Regional Framework/Oversight	<b>X</b>		
Issue ICGLR Certificate		<b>X</b>	



## II. Part 1 - Roles and Responsibilities under the RCM

- Points for Discussion:
  - ICGLR as oversight:
    - What oversight roles should ICGLR have?
  - Member States as regulators?
    - Should companies respect mine site inspections and certifications?
    - Should they manage the role of ICGLR certificates?
    - What is their role in regarding chain-of custody systems?
  - Companies as implementers?
    - What roles/responsibilities above the OECD 5-steps might companies have?
  - What is the difference between risk assessment/management and legal compliance and enforcement?



## II. Part 2 – Proposed Scope of the RCM

- A recurrent proposal in existing literature to remove “Progress Criteria” from the scope for the Third Party Audits (TPA) for Exporters and Mine Site Inspection and Certification
- Added cost (scope of audit) and burdensome requirement (especially smaller operators)
- Effectiveness:
  - To date only 8 audits of 3T exporters in Rwanda and DRC, none of gold
  - Mine site inspection and certification implementation is much slower than required under RCM in DRC
- Alignment with OECD
- Eliminate confusion of company obligations under the RCM
- Relevance to the “Purpose” of the Terms of Reference of the RCM



*The purpose of the ICGLR Mineral Tracking and Certification Scheme is to provide for sustainable conflict-free mineral chains in and between Member States of the International Conference on the Great Lakes Region with a view to eliminating support to armed groups that sustain or prolong conflict, and/or otherwise engage in serious human rights abuses”*





## II. Part 2 – Proposed Scope of the RCM

- Discussion questions for participants:
  - Should the RCM focus solely on Status Criteria?
  - Would refocussing on Status Criteria eliminate confusion related to companies obligations under the RCM?
  - Is the Status Criteria sufficient to fulfil the Purpose (ToRs) of the RCM?
  - What is the primary objective of the RCM?
    - To assure conflict free supply of Designated Minerals from ICGLR Member States?
    - To serve as an Standard to promote responsible mining and sourcing of minerals in the GLR?
  - How does refocussing the RCM impact efforts for RCM alignment with other initiatives and schemes e.g. OECD, LBMA, DMCC, CCCMC, CTC?
  - Are there other alternative relevant recommendations that deal with some of the aforementioned issues in the present manual?



## II. Part 3 – Third Party Audits (TPA) of Exporters and Mine Site Inspections and Certification (Frequency and Scope)

Current Situation: TPAs and Inspections add cost and fatigue the supply chain. Capacity to implement inspections at all mine sites is not occurring in all MS.

1. Should TPA Exporter Audits frequency be changed to less frequent?
2. Should scope of TPA focus on the Exporter operations or the entire supply chain down to the level of the mine site?
3. Should mine site inspection and certification frequency be less frequent? 1, 2, or 3 years? Or, are they even needed?



## II. Part 4 – Licensing / Registration of Chain of Custody / Due Diligence Systems

- Concept of licensing by MS Govt's of CoC and DD service providers (CoC and DD by separate companies or same company)
- Regulated by MS Govt's
- Relationship between CoC and DD providers is currently managed by MOUs
- Business case for multiple service providers for any/all minerals – open/free market
- In-country based and registered businesses/offices/personnel
- Cost of doing business – competitive market, reducing costs, within the limits of the licence regulations



## II. Part 5 – Independent Mineral Chain Auditor (IMCA) and Database

- Acts as an ombudsman and “special investigator” within the RCM scheme. The current role of the IMCA is to:
  - *Evaluate Member State chain of custody systems’ compliance with ICGLR standards;*
  - *Conduct independent investigations involving armed groups in mineral supply chain or suspected cases of large scale mineral smuggling; and*
  - *Undertake ongoing assessments of risk of conflict and conflict financing*
- As the IMCA is not an auditor but an evaluator and investigator, what should the office/function be called?
- What roles should this function perform?



# Part 5 – Independent Mineral Chain Auditor (IMCA) and Database



## Database

- RDBMF will be a commonly used free, open- source relational database solution with a user-friendly web application mediating all user interaction with the database.
- Run on a well-established, secure “cloud” host.
- Member States access the database through their own private portals, in order to transfer national data, and
- ICGLR staff will access it through an ICGLR portal, in order to perform all queries, audits and tracking activities stipulated in the Regional Certification Mechanism (RCM) Manual and Appendices.
- The general public will have access through a public portal



## Part 5 – Independent Mineral Chain Auditor (IMCA) and Database

- The responsibility for organizing data in an RDBMF-compatible format falls on the Member States, as stipulated in the RCM Manual
- Data is owned by respective Member States and is only editable by them.
- ICGLR staff have access to all data on a “read-only” basis in order to perform regional-level queries, reports and data extractions to support the functions of the Regional Mineral Tracking Unit and the Independent Mineral Chain Auditor.
- The general public should have access to all data as stated in the RCM Manual, but this would require approval by Member States for data dissemination.
- It is recommended that a significant investment in support of Member State adaptation for and testing of the RDBMF solution be made as part of, or alongside, an implementation project.



# III. Recaps of Next Steps for RCM Manual Revision Process

## Current Status

- OECD RCM revision 'information sessions'
  - Wednesday, April 18, Chateau Room E
    - 1) Civil Society stakeholders – 13:30 – 15:00
    - 2) Government stakeholders – 15:00 – 16:30
    - 3) Private Sector stakeholders – 16:30 – 18:00
- Reminder of Next Milestones
- Gold parallel work



# Development of an ICGLR Gold Due Diligence Strategy



## Phase 1

- Initial field research completed
- ICGLR Expert meeting Arusha 27-28 March, consultation/info gathering with MS experts and ASM Gold initiatives
- Report deliverable in prep' for Phase 2

## Phase 2

- ASGM Gold Experts Meeting 29-30 May (Nairobi TBC)
- Presentation of key findings from the phase 1 report
- Synergies - RCM revision process and ASM Gold DD Strategy
- Interventions from sector experts
- Solicitation of feedback on options for ASM Gold DD Strategy





# Development of an ICGLR Gold Due Diligence Strategy



## Phase 3

- Incorporation of feedback from phase 2 into phase 3 deliverable – 1st draft of ASM Gold Due Diligence Strategy
- Consultative process: MS and stakeholder comments and feedback on the 1st draft document
- Development of final phase 3 deliverable – Final draft of ASM Gold Due Diligence Strategy
- Presentation of strategy to Regional Committee by ICGLR Technical Unit, supported by consultants - August 2018



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