

Public-Private Alliance for Responsible Minerals Trade

Supporting In-region Alignment

29 May, 2014

United States Mission to the OECD
Paris, France

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 29 May, 2014, the PPA Governance Committee convened the fourth 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.

There has been significant progress since the last PPA Alignment Session, held in November 2013 in Kigali. Among other accomplishments, two countries have issued ICGLR certificates and a third has begun implementing traceability. At the level of the ICGLR, the Secretariat has hired two positions for the Natural Resources Technical Unit, and the Audit Committee has pre-accredited five candidate third-party auditors. Other milestones include the first export of conflict-free coltan from North Kivu province of the DRC and that 80% of tin exports from the GLR are being tagged as conflict-free¹.

Notwithstanding such progress, the purpose of this meeting is to capture some of the most important and urgent challenges, opportunities, and next steps identified by participants at the 29 May Alignment Session

Summary of Challenges, Considerations, and Next Steps

The participants of the 29 May 2014 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 considerations, challenges, and ideas raised by participants at the Alignment Session for making progress on implementing the RCM:

- **Challenges/Considerations for Mine Site Inspection/Validation**

- Differences between RCM mine inspection criteria and national mine validation criteria
- Public availability of mine inspection/validation
- Definition of mine site – ICGLR and the iTSCi definition, requirements by downstream industry?
- Validation outpacing ability and resources to implement traceability

- **Next Steps for Mine Site Validation:**

- **Harmonization of definition of mine sites (e.g., among Regional Certification Mechanism, Conflict Free Sourcing Program, iTSCi)**

- **Challenges/Considerations for Traceability**

- Stocks – Member States and industry representatives have identified these issues as needing to be addressed very urgently:

¹ Export figure announced at ITRI conference, May 2014

- Reconciling gap between OECD and Dodd-Frank definition about what a company should do when it finds that minerals have entered its supply chain that are not legitimate/conflict-free
 - Stocks due to cost of ICGLR certificate is too high for some to afford export, contributing to stocks
- Validation outpacing ability and resources to implement traceability; some capacity challenges and challenges in obtaining documentation needed
- Time required for companies (e.g., exporters, cooperatives) to become a member of iTSCi before being able to participate in business transactions (*please see below in “Cross-cutting Challenges/Considerations” for further information*).
- ASM gold - many issues identified at the ICGLR-OECD-UNGoE meeting that are not summarized here; and additional challenges/opportunities identified by Partnership Africa Canada and summarized in their report (to be published on the PPA website)
- Costs
 - Start-up costs
 - Longer-term costs: Are there opportunities for efficiencies while maintaining performance of and confidence in system?

Next Steps for Traceability:

- **ICGLR create guidance for Member States to describe considerations/needs when initiating traceability**
 - **Government oversight and administration of system**
 - **Costs (traceability costing formula)**
 - **Contract negotiation**
 - **Country-specific baseline assessments (feasibility analysis)**
 - **Stocks**
 - **PPA members (as individuals, perhaps led by GC) draft talking points to US SEC re: resolution of gap due to difference in definitions (not making a proposal)**
 - **OECD MSG working group continue their deliberations**
 - **ICGLR Secretariat Technical Unit engagement**
 - **Potential future discussion for Conflict Free Sourcing Initiative and others – efficiencies in long term?**
- **Challenges/Considerations for Issuing ICGLR Certificates**
 - What does an ICGLR certificate mean? What actions and outcomes must underpin the certificate so it has value and credibility in the marketplace?
 - It is a “certificate of due diligence”
 - Need to implement minimum, standardized conditions of and criteria for issuing a certificate on a MS level
 - For credibility, must include mine site validation + traceability + audits

- To support audits, MS should standardize the unit of measure / volume represented by a certificate (one shipment? one or multiple mines?)
- Cost of issuing certificates
 - Some can't afford to buy certificates so traced/tagged material cannot be exported
 - Different cost in different MS (e.g., \$350 DRC, no cost Rwanda); could challenge cross-border governance
- Capacity of exporters to collect and provide information needed to support issuance of certificate

Next Steps for Issuing ICGLR Certificates:

- **ICGLR to offer practical guidance and best practices on implementation of criteria, conditions, and or strategy for issuing certificates, unit volume associated with certificates, etc. (during next RINR Steering Committee meeting?); and guidance/considerations on price for certificates, and any implications; consider technical approach for harmonization so RCM as a whole is credible as a regional approach**
 - **Organize information-sharing on behalf of the GLR and the RCM and certificates, with MS engagement**
 - **DRC Ministry of Mines to share names of the mine sites that were the source of the artisanal gold, industrial gold, and tin which received the ICGLR certificates**
- **Challenges/Considerations for Chain of custody evaluation**
 - Should cover representative sample of mines

Next Steps for Chain of Custody Evaluation

- **Rwanda will need a second; DRC needs a first (could ICGLR and MS provide a suggested timeline, based on IMCA schedule?)**
 - **IMCA must follow up on results of COC evaluation and work with MS on any issues of noncompliance**
 - **Interim IMCA – support for an Interim IMCA will be explored in cooperation between PPA, ICGLR Secretariat, RINR Steering Committee, and donors**
- **Challenges/Considerations for Data Sharing and Transparency**
 - Publication of mine site inspection results
 - Disaggregated production data (annual? Other?)
 - Local committee reports (with sensitive information treated appropriately to avoid security risks)
 - Encourage ITRI members to make data publicly available (e.g., risk assessments) to meet Step 5 of OECD framework, with proper consideration for confidential business information
 - What level of data sharing by MS and ICGLR is needed for credibility?

Next Steps for Transparency:

- **Rwanda to share templates for exporter application, packing list, stock reconciliation**
- **MS should continue to share mine site inspection/validation results and reports once they have been validated**
- **ICGLR Technical Unit should design flow of information (data)**
- **iTSCi will continue to remind and encourage its members to make public reporting (per Step 5 of OECD due diligence framework)**
- **PPA participants interested in further details on activities and impact of the comités de pilotage and comités de suivi, including reports (with proper security considerations)**

• **Challenges/Considerations for ICGLR Secretariat Activities**

- Need IMCA – resources being secured, with possible interim solution
- Need to support credibility of the ICGLR certificates, by supporting implementation by MS
- Need expansion of implementation to all MS
 - DRC, Rwanda, and Burundi underway; Uganda forming committee; Tanzania expressed interest
 - Who is ready, who can come later?
- Need full establishment of the Technical Unit
 - Progress but missing resources for database officer, whistleblowing office, and Audit Committee assistant
- Need to improve communication and dialogue between ICGLR Secretariat and MS
- Need capacity building – within ICGLR Secretariat and supporting MS implementation
- Need progress on ICGLR Audit Committee
- Harmonization – what is necessary to harmonize criteria for issuing certificates

Next Steps for ICGLR Secretariat:

- **Will conduct an assessment for timeline for full implementation of RCM by other MS**
- **Gérard Nayaburundi, Head of RINR Technical Unit, to join PPA Governance Committee**
- **PPA to work with ICGLR Secretariat to establish process to put in place an interim IMCA**
- **Determine funding mechanism for hiring all Technical Unit positions**
- **Ambassador Ligabo/Technical Unit to visit the ministerial team of each MS to determine shared expectations**
- **ICGLR (Secretariat and MS) identify financing for missing Technical Unit positions, Audit Committee activities, and IMCA – self-financing mechanism by MS or by partners**

- **Cross-Cutting Challenges/Considerations:**
Some of the aspects RCM which are led or implemented by private or external service providers (e.g., technical assistance, traceability) may impede sovereign decisions or processes. The example given at the meeting is that, when there are long delays in reviewing and licensing iTSCi exporters in a GLR Member State, the business license issued by the national government to that exporter is effectively nullified. Some participants underscored the importance of the ability of Member States to lead, negotiate, and make decisions about systems and conditions for operating systems according to their needs to fully implement and achieve the objectives of the Regional Certification Mechanism.

Attachments

29 May alignment meeting participant list

Remarks from Joseph Ikoli Yombo Y'Apeke, Directeur de Cabinet Adjoint du Ministre des Mines, DRC (TBC)

Slides from Burundi's presentation by Paul Ndarihonyoye (TBC)

iTSCi update (TBC)

29 May PPA Alignment Session Participant List

Yves Bawa, Pact
Michael Biryabarema, Rwanda Natural Resources Authority
Shawn Blore, Partnership Africa Canada
Ed Brown, US Department of State
Anna Bulzomi, IPIS and PPA Governance Committee
Benjamin Clair, Better Sourcing Program
Olivier Demierre, PAMP and PPA Governance Committee
Henri Gebauer, GIZ
Karen Hayes, Pact and PPA Governance Committee
Joseph Ikoli, DRC Ministry of Mines
Ambassador Gaspard Kabura, Burundi
Eileen Kane, US Department of State and PPA Governance Committee
Martin Kraft, GIZ
Joanne Lebert, Partnership Africa Canada
Sasha Lezhnev, Enough Project and PPA Governance Committee
Ambassador Ambeyi Ligabo, ICGLR
Mike Loch, Motorola Solutions, Conflict Free Sourcing Initiative, and PPA Governance Committee
Paul Mabolia, DRC Ministry of Mines
Jean-Paul Meutcheho, Global Advanced Metals and PPA Governance Committee
Ambassador Vicente Muanda, ICGLR
Eric Mukandila, DRC Ministry of Mines
Gerard Nayaburundi, ICGLR
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Venant Nsanzimfura, Rwanda Natural Resources Authority
Jennifer Peyser, RESOLVE, PPA Facilitator
Sophia Pickles, Global Witness and PPA Governance Committee
Philip Schütte, BGR
Ulric Schwela, iTSCi/TIC