



**PARTNERSHIP  
AFRICA CANADA**

Year in Review 2010







**Partnership Africa Canada** • Research, policy dialogue and action on African development

#### PAC is working to

- Reform the Kimberley Process and eliminate conflict diamonds
- Bring peace to the Great Lakes region and end conflict minerals
- Secure women's rights and prevent sexual and gender-based violence
- Promote transparency and accountability throughout the extractive sector
- Support and protect civil society and their communities

Front page picture:  
Artisanal diamond diggers in DRC  
(Credit: PAC/Shawn Blore)

Above: School girls  
(Credit: CIDA/Roger Lemoyne)

Above center: A boy panning for  
diamonds in the DRC  
(Credit: PAC/Shawn Blore)

Africa should be riding high these days. Most African economies have rebounded from the global fiscal and economic crisis and the price of commodities, in which Africa is rich, continues to rise because of demand from China, India, Korea and Brazil. Some economists confidently predicted a “new dawn” after continent-wide economic growth reached almost five per cent in 2010, a year in which much of Europe and the United States were struggling to recover from recession. Yet more recent events have led to a more nuanced picture. The tumultuous political situation in North Africa combined with higher prices for food and fuel will act as a brake on many African economies this year. Growth is expected to slow to less than four percent for the continent as a whole. This will add to existing burdens in the most vulnerable countries. It will also increase the gap between countries rich in natural resources, such as Nigeria with its oil, Zambia with copper, and Botswana with diamonds, and those that are not.

Strong demand for natural resources is a double-edged sword. While it brings in much-needed funds from the rest of the world, it can exacerbate existing governance problems in stable economies and fuel armed conflict in more fragile states. Plundering of minerals such as tin and coltan continues to contribute to the conflict in the eastern part of the Democratic Republic of Congo. Conflict diamonds, which the diamond industry and governments were working to remove from the system through the Kimberley Process, have reappeared in the form of exports from Zimbabwe. Local communities, especially women and children, are disproportionately affected when minerals become an integral part of conflict.

Partnership Africa Canada continues to work with African countries to help them manage natural resources. Our goal is to ensure that resource wealth is broadly shared through better health, education and infrastructure and that it does not contribute to conflict. We are working with a diverse range of stakeholders to achieve human security and human development outcomes in the diamond supply chain, including continued advocacy for reforms to the Kimberley Process Certification Scheme and the new chain of custody initiatives like the Responsible Jewellery Council. We are also using our experience from the Kimberley Process in our current work to develop a certification mechanism for high-value minerals in the Great Lakes region. And we continue to campaign at the international level for increased transparency and accountability in the extractive sector through our participation in Publish What You Pay and the Extractive Industries Transparency Initiative.

We thank our supporters for their encouragement and generosity and for sharing our vision of a better life for all Africans.



Madelaine Drohan, President



Bernard Taylor, Executive Director



# Conflict Minerals and the Great Lakes Region

## PAC helps develop a new regional certification mechanism for conflict minerals

A decade ago, the Kimberley Process Certification Scheme for rough diamonds (KPCS) was heralded for its creation of a closed trading system for rough diamonds backed by the force of domestic legislation in more than fifty countries, as well as a constructive tripartite relationship between governments, industry and civil society. A decade later, as the Kimberley Process struggles to overcome its various contradictions, other initiatives are leaving it far behind.

In December 2010, in Lusaka, Zambia, at the summit of the International Conference on the Great Lakes Region (ICGLR), a new regional certification mechanism was adopted to track four high-value, conflict-prone minerals - gold, coltan, tungsten, and tin - that are at the heart of the on-going conflict and plunder in eastern Democratic Republic of the Congo (DRC). These minerals are essential to the many high-tech appliances we depend on today – cell phones, laptops, cars and aeroplanes. Armed militia in eastern DRC have controlled much of this trade for many years.



Private security at the Rutongo cassiterite mine, Rwanda  
(Credit: PAC/Joanne Lebert)

## Using conflict minerals for intelligent phones is not so smart...

The new ICGLR certification system for conflict-prone minerals was designed in collaboration with PAC and seeks to avoid many of the limitations that have come to undermine the efficacy and legitimacy of the KPCS. While several features of the new ICGLR system are familiar, many of them go well beyond the KPCS's minimum standards. One key feature will be the introduction of mandatory, regular, and independent third party audits of the mineral supply chain. Another will be to create a more sophisticated database to track mineral flows, from mine site to export, and beyond.

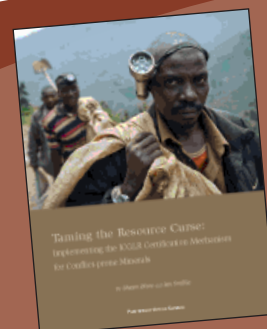
PAC is now helping the ICGLR implement the regional certification system by providing technical and financial assistance for the creation of the regional database in Bujumbura, Burundi, where the ICGLR has its Secretariat, and by assisting with the collection of data from participating countries. In addition, PAC is supporting a regional civil society network that will monitor the implementation of this certification system.

The ICGLR scheme faces many obstacles, but fortunately it dovetails with several other complementary developments aimed at stemming the conflict-minerals trade, including the OECD Due Diligence Guidance and various private sector initiatives. All this is taking place against a backdrop of increasing international pressure to address the conflict minerals question.



## The Dodd-Frank Act

The greatest international pressure is coming from the US, where most major information technology companies have their headquarters. Landmark legislation passed in July 2010 - the Dodd-Frank Act – focuses on revenue transparency, with Section 1504 requiring all US-listed companies to publish what they pay to governments for natural resource exploration and extraction, country-by-country and even project-by-project. The new legislation will also require that publicly traded companies report on their efforts to ensure their supply chains do not include any conflict minerals from DRC and from neighbouring countries. RIM, the makers of the BlackBerry smart phone, will be one of the major companies affected by this legislation.



## New report by PAC on the Great Lakes region and the conflict minerals question

The new report, *Taming the Resource Curse: Implementing the ICGLR Certification Mechanism for Conflict-prone Minerals*, provides a detailed description of the regional certification mechanism for tracking high value and conflict prone minerals in Africa's Great Lakes region. Based on lessons learned from other certification mechanisms, particularly the Kimberley Process, it promotes key principles that will make for a stronger and more effective regulatory scheme for four minerals—namely gold, coltan, tungsten and tin.



# Monitoring Canadian Companies Operating in Africa

Africa has the world's largest reserves of platinum, gold, diamonds and manganese. It is a major source of petroleum and is increasingly being targeted by foreign companies and countries anxious to secure control over minerals, land and other resources. The mining sector is a central pillar of the Canadian economy and Canadian stock exchanges are the world's largest source of equity capital for mining exploration and production. There are more than 1,000 mining companies listed on Canada's stock exchanges, most of which are juniors and many of which are operating in Africa. Canadian mining companies are the second greatest investors in Africa's mineral exploitation.

## PWYP-Canada Launches Capacity Building Initiative

Publish What You Pay - Canada has begun a new capacity building initiative with African civil society organizations with the goal of facilitating their access to publicly available information disclosed by Canadian-based mining companies. Documentation will be created on some of the largest Canadian mining companies operating in Africa. This will be shared with African civil society organizations enabling them to become better informed about the companies operating in their countries and to monitor their activities. The project targets 25 major Canadian companies operating in Africa and aims to create a comprehensive portfolio for each company, containing relevant and easily accessible information. In addition, it will provide enhanced guidance for accessing information published on the Canadian Securities Administrators' data base, SEDAR and other public sources. An accompanying training manual will provide an in-depth explanation on how to retrieve publicly available information on Canadian companies. This project is an initial response to increasing demands from African civil society organizations trying to untangle the labyrinth of the complex regulations framework governing Canadian companies.

## PWYP - Canada Position Paper

### *Staying Ahead of the Curve: Meeting Canada's Commitment to Transparency and Good Corporate Citizenship in the Extractive Industries*

PWYP-Canada's position paper, *Staying Ahead of the Curve: Meeting Canada's Commitment to Transparency and Good Corporate Citizenship in the Extractive Industries* compares the disclosure requirements in Canada and the US, following the US adoption of the Dodd-Frank Act in July 2010. The paper focuses on two specific requirements set out in the Act, disclosure of payments to host governments and reporting on measures taken to assure conflict minerals do not enter a company's supply chain. It concludes that harmonizing Canadian disclosure requirements with those set out in the Dodd-Frank Act is necessary in order to ensure investor protection for companies operating on both sides of the border, as well as for Canada to live up to its commitment to transparency and corporate accountability.



President Barack Obama signs into law the Dodd-Frank Wall Street Reform and Consumer Protection Act on July 21, 2010. (Photo Source: Telegraph.co.uk)



**Publish  
What You Pay**  
CANADA

Publish What You Pay (PWYP) is an international coalition of non-governmental organizations seeking to ensure that natural resource extraction companies are required to publish the payments they make to all national governments and authorities. PWYP aims to increase the public accountability of governments and oil, gas and mining companies for the management and allocation of extractive industry revenues. Extractive companies have a responsibility to disclose the payments they make so that citizens can hold their governments accountable for the revenues from assets that the government manages on behalf of its citizens.

The Publish What You Pay – Canada coalition is hosted by PAC.

# The Kimberley Process Derails over Zimbabwe

The situation in Zimbabwe's Marange diamond fields has continued to dominate the agenda of the Kimberley Process. In common with the KP civil society coalition and with certain governments, PAC has insisted that Zimbabwe must respect the minimum requirements of the KP. In June 2010, PAC published a second report on Zimbabwe, *Diamonds and Clubs: the Militarized Control of Diamonds and Power in Zimbabwe*, ahead of the KP Intersessional meeting. An indication of the report's reach was the fact that the Zimbabwe government-controlled daily, *The Herald*, reported on it extensively, quoting the Mines Minister's rejection of the report's allegations of violence and smuggling. The information in the report was used by several KP participant countries to raise critical questions during the June 2010 and July 2010 KP meetings, and (ultimately) as the basis for rejecting calls by Zimbabwe to unilaterally lift the export ban on Marange diamonds. During this period, PAC also lobbied for the release of a Zimbabwean civil society activist who had been arrested by the Zimbabwean authorities for his work on KP issues.

## Reforming the Kimberley Process

During 2010, PAC and the KP civil society coalition were able to make progress on a few critical KP reform items. On the eve of the June 2010 KP Intersessional, PAC helped coordinate a special workshop on reforming the KP. PAC published a background report for the workshop – *Paddles for Kimberley* – which contained a series of detailed proposals for reforming the KP. The workshop helped KP participants move closer to agreement on some key issues at the 2010 KP Plenary.

Long advocates of increased transparency on the part of the KP (which keeps all documents confidential), the civil society coalition was able to have an

PAC's Nadim Kara discusses with a delegate at the special July 2010 Kimberley Process meeting on Zimbabwe in St Petersburg



Administrative Decision (AD) passed at the November KP Plenary that reverses the onus of responsibility. From November 2010 onwards, all KP documents are automatically to be made public, unless a KP Participant requests otherwise. This will enable a much wider range of stakeholders to help monitor the performance of the KP, and advocate for change.

PAC and the civil society coalition were also able to help get an agreement to establish a committee made up of representatives from all countries that have chaired the KP in the past that would look at ways to improve the KP, including the establishment of a Secretariat. We were unsuccessful, however, in our efforts to have new language adopted on the human rights responsibilities of the KP, due to resistance from some governments.

## Tackling Diamond Smuggling

Efforts to combat the illicit trade in rough diamonds inevitably help to disrupt the trade in conflict diamonds. Under Israel's chairmanship in 2010, the KP made greater efforts to address diamond smuggling and strengthen co-operation between KP Participants and enforcement agencies, including the World Customs Organization.

PAC supported multi-stakeholder consultations in Guinea, Liberia, Côte d'Ivoire and Sierra Leone to better understand the scope and challenges of smuggling in the Mano River countries of West Africa. Immediately after the June 2010 KP Intersessional, a special workshop on diamond smuggling and KPCS enforcement took place, for which PAC helped coordinate input from West Africa. The results of these discussions, including recommendations to industry, governments and the KP itself, were later integrated into *Diamonds Without Borders: An Assessment of the Challenges of Implementing and Enforcing the KP Certification Scheme*, a report which was presented to the KP Plenary in November 2010.

Although the KP is an important instrument through which to achieve sustainable development and human security outcomes in the diamond supply chain, it is not the only one. PAC has also supported efforts by the Responsible Jewellery Council to establish a more rigorous and robust industry chain of custody system rooted in a more comprehensive set of ethical standards than the KP.

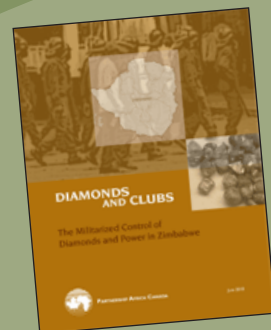


Aminata Kelly-Lamin, from the Network Movement for Justice and Development, Sierra Leone, addressing the KP Intersessional meeting

## New PAC reports on diamonds

### *Diamonds and Clubs: The Militarized Control of Diamonds and Power in Zimbabwe*

This report resulted from on the ground research by PAC in Zimbabwe. The report argues that diamonds from the Marange region are under the exclusive control of political and military elites close to President Mugabe and ZANU-PF, and are being used to perpetuate their control of power, including destabilizing the unity government in place since January 2009. The report maintains it is time for the Kimberley Process to recognize the nature of "conflict diamonds" has changed over the last decade since the days of proxy militias fuelling diamond strife in Africa. The KP must now contend with factions within a government (such as ZANU in Zimbabwe), which use diamonds to enrich themselves and undermine legitimate governance. See the report at [www.pacweb.org](http://www.pacweb.org)



### *Paddles for Kimberley: An Agenda for Reform*

This report explores the many challenges faced by the Kimberley Process, including the obstacles posed by an annually rotating chair and the consensus based decision-making process; the lack of follow-up to review missions; the need to make human rights language and protection more explicit in KP minimum requirements; and the difficulties enforcing internal controls. See the report at [www.pacweb.org](http://www.pacweb.org)



### *Diamonds without Borders*

This report addresses the important question of diamond smuggling. It comprises the results of a seminar on Enforcement held during the KP Intersessional in Tel Aviv in June 2010. The report, which includes recommendations to industry, governments and the KP itself, was presented to the KP Plenary in November 2010. See the report at [www.pacweb.org](http://www.pacweb.org)






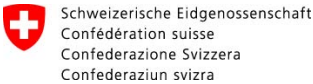
# We thank our donors

PAC receives funding from a variety of governmental, institutional and non-governmental supporters, for which it is deeply grateful. Our work could not be undertaken without this support and we recognize that our achievements are also those of our supporters.

Revenues and Expenses for the year ending:	March 31, 2011	March 31, 2010
<b>Revenues</b>		
Foreign Affairs and International Trade Canada	\$ 291,937	\$ 150,839
International Development Research Centre	\$ 111,595	\$ 219,226
Heritage Canada	\$ 2,673	
Natural Resources Canada	\$ 1,623	\$ 25,000
Canadian International Development Agency		\$ 33,661
Irish Aid	\$ 199,908	\$ 230,194
USAID/Tetra Tech ARD	\$ 105,914	
Federal Department of Foreign Affairs – Switzerland	\$ 69,277	\$ 76,783
Foreign Trade and Development Cooperation – Belgium	\$ 9,944	
Revenue Watch Institute	\$ 67,726	\$ 113,159
Open Society Institute	\$ 8,633	\$ 59,654
Cordaid		\$ 62,370
Oxfam-Novib		\$ 53,956
Other NGOs	\$ 5,102	\$ 43,542
Other contributions and interest	\$ 14,979	\$ 30,563
	<b>\$ 889,311</b>	<b>\$ 1,098,947</b>
<b>Expenses</b>		
Conflict Diamonds Programme	\$ 467,600	\$ 341,945
Great Lakes Programme	\$ 242,938	\$ 110,867
Publish What You Pay	\$ 121,360	\$ 127,659
Publish What You Pay International Conference		\$ 299,242
Food Sovereignty	\$ 39,955	\$ 60,046
African Peer Review Mechanism	\$ 2,603	\$ 106,168
Diamond Development Initiative		\$ 22,731
	<b>\$ 874,456</b>	<b>\$ 1,068,658</b>
<b>Excess of revenues over expenses</b>	<b>\$ 14,855</b>	<b>\$ 30,289</b>

A complete version of the Audited Statements by van Berkorn & Ritz Chartered Accountants is available from Partnership Africa Canada.

 Foreign Affairs and International Trade Canada    Affaires étrangères et Commerce international Canada



 Natural Resources Canada    Ressources naturelles Canada

 Agence canadienne de développement international    Canadian International Development Agency



(Credit: PAC/  
Josée Létourneau)

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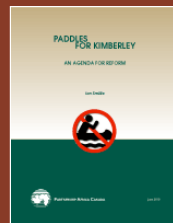
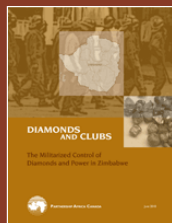


Ousmane Dème  
Director – Publish What You Pay Canada

# Research Associates 2010

Shawn Blore  
Ajay Garg  
Kady Seguin  
Ian Smillie  
Claire Woodside

# Publications in 2010



## Partnership Africa Canada

- Reviewing Africa's Peer Review Mechanism: A Seven Country Survey
- Diamonds and Clubs: The Militarized Control of Diamonds and Power in Zimbabwe
- Paddles for Kimberley: An Agenda for Reform
- Diamonds without Borders: An Assessment of the Challenges of Implementing and Enforcing the KP Certification Scheme
- Other Facets

The above publications are available on PAC's web site: [www.pacweb.org](http://www.pacweb.org)

## Publish What You Pay – Canada

- Briefing Paper 1: Canadian Implementation of the Extractive Industries Transparency Initiative
- Briefing Paper 2: Staying Ahead of the Curve: Meeting Canada's Commitment to Transparency and Good Corporate Citizenship in the Extractive Industries
- APERIO (3 editions)

The above publications are available on PWYP-Canada's web site: [www.pwyp.ca](http://www.pwyp.ca)

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