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
Bertrand Taylor, Executive Director

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 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 (©Shawn Blore/PAC)
Above: School girls above center: A boy panning for diamonds in the DRC (©Shawn Blore/PAC)
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.
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.

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.

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 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)
T he 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. The report reiterates that the Kimberley Process must recognize the nature of the situation in Zimbabwe. In particular, it maintains that it is time for the Kimberley Process to recognize the ZANU-PF, and are being used to perpetuate their control of power, including destabilizing the unity government in the Marange region are under the exclusive control of political and military elites close to President Mugabe and have been severely affected by violence and diamond smuggling.

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 – 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.

New PAC reports on diamonds

This report resulted from 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 are being used to perpetuate their control of power, including destabilizing the unity government in the Marange region are under the exclusive control of political and military elites close to President Mugabe and have been severely affected by violence and diamond smuggling.

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## Revenues and Expenses for the year ending:

<table>
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<tr>
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<th>March 31, 2011</th>
<th>March 31, 2010</th>
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<tr>
<td><strong>Revenues</strong></td>
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<td>Foreign Affairs and International Trade Canada</td>
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<td><strong>Total Revenues</strong></td>
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<td><strong>Excess of revenues over expenses</strong></td>
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<td><strong>$30,289</strong></td>
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A complete version of the Audited Statements by van Berkom & Ritz Chartered Accountants is available from Partnership Africa Canada.

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### Board of Directors 2010

- [Hon. Flora MacDonald](#) (Canada), Honorary President
- [Bernard Taylor](#) (Canada), Executive Director
- [Madelaine Drohan](#) (Canada), President
- [Josée Létourneau](#) (Canada), Director Finance and Administration
- [David Kalete](#) (Uganda), Vice-President
- [Nadim Kara](#) (Canada), Campaign Director – Natural Resources
- [Alex Neve](#) (Canada), Secretary-Treasurer
- [Alan Martin](#) (Canada), Research Director – Natural Resources
- [Susan Côté-Freeman](#) (Canada)
- [Ousmane Dème](#) (DR Congo), Director – Publish What You Pay Canada
- [Baudouin Hamuli Kabarhuza](#) (DR Congo)
- [Charles Mutasa](#) (Zimbabwe)
- [Matthew Pearce](#) (Canada)
- [Mirabelle Rodrigues](#) (Canada)
- [Mary Rusimbi](#) (Tanzania)
- [Marie-Angélique Savané](#) (Senegal)
- [Rebecca Tiessen](#) (Canada)
- [Alexandre Trudeau](#) (Canada)

### Staff 2010

- [Shawn Blore](#)
- [Ajay Garg](#)
- [Kady Seguin](#)
- [Ian Smillie](#)
- [Claire Woodside](#)

### Research Associates 2010

- [Josée Létourneau](#)
- [Ousmane Dème](#)

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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.

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Websites

- Partnership Africa Canada
- Publish What You Pay
- Open Society Institute
- Cordaid
- Oxfam-Novib

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(Credit: PAC/Josée Létourneau)
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

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