

Year in
Review
2011



**PARTNERSHIP
AFRICA CANADA**

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 miner pans for diamonds in a mine
in Kono, Sierra Leone (Credit: Istock)

Right picture:
Cassiterite (tin) artisanal mining in Nyabibwe,
South Kivu, DRC (Credit: PAC/Joanne Lebert)



Africa is witnessing an accelerated scramble for its natural resources. The major western mining companies that have extracted minerals across the continent for many decades have now been joined by companies from new emerging economic giants, notably China. Where does all this leave those African countries 'blessed' with natural resources?

At one level, some countries are seeing immediate results – governments are receiving payments from companies, workers are being hired and roads are being built. But as the dust settles, it's more than likely that foreign companies will be seen to be taking the lion's share of the wealth underground. African countries have to negotiate substantially better contracts with international extractive companies.

At another level, it's far from clear within many African countries who is actually benefitting from the exploitation of natural resources. There is a chronic lack of transparency surrounding contracts and payments made by companies. In such circumstances, how can governments and state institutions be held accountable for their management of public revenues? How can the communities from where the natural resources originate benefit from their extraction?

These are critical questions that are being addressed in several international initiatives in which Partnership Africa Canada is very active, along with governments and the private sector:

- PAC remains a leading civil society participant in the Kimberley Process and we are playing a central role in helping the rough diamond certification scheme reform itself.
- In the Great Lakes region, PAC is providing on-the-ground technical support to the implementation of the International Conference on the Great Lakes Region regional certification mechanism for four conflict-prone minerals – gold, coltan, tin and tungsten.
- In Canada, PAC continues to host the Publish What You Pay coalition, which is coordinating efforts to promote transparency in payments and contract disclosure by Canadian extractive companies operating internationally.
- During 2011, PAC joined the Voluntary Principles on Security and Human Rights initiative and we will place a special emphasis on its implementation in areas such as the Great Lakes region, where it is critical to regulate the exploitation and trade in minerals.

In all these multi-stakeholder initiatives, we are working closely with African civil society partner organizations to strengthen their impact at the international, national and community levels. It is imperative that local communities monitor carefully and participate in decisions about how their natural resources are developed.

As this report shows, 2011 has seen significant movement in the efforts worldwide to better regulate the extractive sector. It is essential to maintain this momentum and ensure that natural resources become a foundation for development and not a reason for conflict. We remain very grateful to our partners and supporters for their continued encouragement and generosity.



David Kalete, President



Bernard Taylor, Executive Director

Across PAC's core programming areas - from tackling the international trade in illicit and blood diamonds, regulating conflict minerals in Central Africa or promoting revenue transparency and accountability by mining companies - 2011 saw significant developments, challenges and opportunities for our work to improve the responsible management of natural resources.

The year saw a greater convergence of activities, as interlinking issues and debates related to good governance in the extractive sector led to a streamlining of PAC's work. Best practices and new standards in some multi-stakeholder initiatives, for example, served to inform and add pressure for reform in other less performing initiatives. Our work helping to operationalize the certification scheme for conflict prone minerals in the Great Lakes region saw greater integration and relevance with complementary initiatives such as the Organisation for Economic Co-operation and Development (OECD) due diligence guidance, and pioneering legislation in the USA.

The latter, a watershed moment, came in mid-2010 with the passage of the Dodd-Frank Act in the US Congress. This raised the profile of revenue transparency but also the concept that good corporate behaviour has no borders, that companies should behave overseas as they would at home, and if they do not, that standards can be enforced from afar. Such legislation will have far-reaching ramifications for US based companies, but equally for those from emerging markets in China and India who want to sell their products to American retailers or markets.



The Dodd-Frank legislation is ground-breaking for two reasons. First, it mandates all companies listed on US stock exchanges and registered with the Securities Exchange Commission - whether they be American or foreign owned - to disclose whether the minerals they are using were sourced in the Democratic Republic of Congo, or neighbouring countries. If so, they must report on how they are working to ensure that they are not benefitting armed groups in the region. Secondly, it will require extractive companies to publish what they pay to foreign governments, allowing citizens of resource rich countries to have the valuable information needed to hold their governments to account.

The passing of the Dodd-Frank law spawned the drafting of similar legislation for increasing revenue transparency in the European Union and Japan. There are also moves by Canadian parliamentarians to introduce complementary legislation on conflict minerals, although the absence of a single national financial regulator will complicate its reach. However, many key blue-chip Canadian companies that mine or source minerals in DR Congo will nonetheless be affected by Dodd-Frank because of their listing on American stock exchanges.

Improved transparency and accountability in the extractive sector, particularly as it affects Africa (where Canadian mining companies are the biggest international investors), is a theme that cuts across all of PAC's work. Transparency is good for everyone. It empowers local communities, cuts corruption, helps reduce conflict and creates a more secure and predictable investment climate for investors.

With this in mind, PAC has supported efforts by the International Conference on the Great Lakes Region (ICGLR), a 12 member group of countries in Africa's Great Lakes region, to create and operationalize a certification scheme for four high-value and conflict-prone minerals - gold, tin, tungsten and tantalum (coltan) - that have been at the heart of armed conflict destabilizing Central Africa for the last decade.

As a technical advisor to the ICGLR, PAC has helped the ICGLR become the centre of international efforts to tackle mineral driven conflict in eastern DR Congo. The ICGLR certification scheme is officially recognized as being complementary to the Dodd-Frank legislation and to the OECD Due Diligence Guidance for mineral supply chains.



Mr. Paul Mabolia Yenga of the DRC and Dr. Michael Biryabarema of Rwanda, Chair and Rapporteur of the ICGLR Steering Committee of the Regional Initiative on Natural Resources (RINR), at the adoption of the ICGLR Regional Certification Manual and Standards by the committee, Bujumbura, Burundi, November 9, 2011. (Credit: PAC/Joanne Lebert)





During 2011, PAC increased its field presence in both DR Congo and Rwanda to advance mineral certification work in each of these two key countries. It is hoped that delivery of the first certificates from these countries will occur in late 2012. Once certification is up and running, the ICGLR database will be populated with data on mineral flows from each mineral chain. As part of its technical support, PAC has explored the use of digital tracking technologies to ensure the accuracy and transparency of data related to mineral production and trade in the region.

A very significant event took place in Kampala in December 2011, when the Heads of State and Government of the ICGLR held a special meeting under the theme: “United to Prevent, End Impunity and Provide Assistance to Victims of Sexual and Gender Based Violence in the Great Lakes Region”. The final Declaration committed member countries to a series of actions during the coming years. PAC will be developing activities with the ICGLR related to sexual and gender based violence during 2012.

In Canada, PAC has continued to host Publish What You Pay-Canada, a coalition of Canadian organizations working to promote the proactive disclosure of payments by companies to governments. In this regard, PWYP-Canada’s main efforts have focussed on promoting the implementation of the Extractive Industries Transparency Initiative (EITI) in Canada. During 2011, we were encouraged by news that the United States and Australia would implement EITI—joining Norway as the only Western governments to make this important commitment. The experience in Australia, which is based on a pilot programme focused on state-level implementation, provides an emerging example of what EITI implementation might look like in the Canadian context.

PWYP-Canada continued its outreach with the mining industry by engaging in high-level consultations with key stakeholders such as the Mining Association of Canada and the Prospectors and Development Association of Canada, with the aim of increasing support for mandatory disclosure requirements in Canada.



PWYP-Canada has also completed portfolios on major Canadian mining companies operating in a selection of African countries. The portfolios provide practical information on companies and can be used to strengthen research and policy outreach activities by African partners. A step by step Guide showing how to access this information has been produced. The guide and portfolios have already been presented at PWYP conferences in Africa.

In 2011, the Kimberley Process (KP) continued to struggle to remain relevant in the battle against conflict diamonds. This was best exemplified by the November 2011 Kinshasa Agreement on Marange, which removed export restrictions on diamonds emanating from controversial diamond fields in eastern Zimbabwe, despite ongoing concerns about human rights abuses, smuggling and poor internal controls.



Ousmane Dème, Director of PWYP-Canada, and the Rt. Hon. Clare Short, Chair of the EITI, at an Ottawa event co-hosted by both organizations entitled EITI: Achievements, Challenges and the Way Forward. (Credit: PAC/Kady Seguin)

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.



Inaction on Marange and other problem countries like Venezuela led PAC and our partners in the KP Civil Society Coalition to re-articulate a new vision for a responsibly managed diamond industry. In reimagining the KP, we turned to several other multi-stakeholder initiatives such as the ICGLR and the EITI for best practices and ideas on how to structurally improve the KP. The EITI is of particular relevance to the KP as the issue of revenue transparency takes on greater importance in many diamond producing countries in Africa, most notably Zimbabwe where diamond revenues routinely bypass state coffers.

The KP Civil Society Coalition decided to push for fundamental reforms in the KP that would make it more responsive and adaptable to challenges it faces - most notably updating the definition of conflict diamonds to include abuses not just by rebel groups but state actors and private security as well. It also championed the creation of a permanent office that would provide day-to-day administrative support to strengthen the institutional capability of the KP. An Ad Hoc Committee charged with advancing reforms within the KP placed both ideas at the top of its agenda. PAC represents the KP Civil Society Coalition on this committee.

While continuing to remain engaged with the KP, PAC and its partners also decided to forge relationships with other complementary initiatives which could help achieve a better managed diamond industry. We held exploratory discussions with the OECD about creating a due diligence supplement for diamonds similar to that for other conflict minerals, and we began working with the Responsible Jewellery Council to advance their efforts to create chain of custody standards for the diamond industry. PAC became a member of the Voluntary Principles on Security and Human Rights, an initiative designed to help extractive companies maintain the safety and security of their operations within a framework that ensures respect for human rights and fundamental freedoms.

In addition to helping lead the reform agenda in the KP, PAC supported several projects with civil society partners aimed at improving enforcement cooperation and internal controls in Zimbabwe and several West African countries (especially Guinea and Côte d'Ivoire).

Looking forward to 2012, PAC will focus on deepening its engagement with these different, yet inter-related, initiatives. By following a holistic and multifaceted approach we will continue to make small and incremental progress towards taming the so-called resource curse.



Young artisanal cassiterite (tin) miner,
Nyabibwe, South Kivu, DRC
(Credit: PAC/Joanne Lebert)



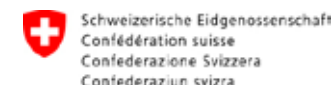
Revenues and Expenses for the year ending:	March 31, 2012	March 31, 2011
Revenues		
Foreign Affairs and International Trade Canada	\$ 608,439	\$ 291,937
International Development Research Centre		\$ 111,595
Heritage Canada		\$ 2,673
Natural Resources Canada		\$ 1,623
Irish Aid	\$ 184,482	\$ 199,908
USAID/Tetra Tech ARD	\$ 152,064	\$ 105,914
Foreign Trade and Development Cooperation - Belgium	\$ 136,318	\$ 9,944
Federal Department of Foreign Affairs – Switzerland	\$ 13,273	\$ 69,277
Revenue Watch Institute	\$ 69,629	\$ 67,726
Foundation Open Society Institute	\$ 24,862	\$ 8,633
Cordaid	\$ 9,187	
Other NGOs	\$ 7,485	\$ 5,102
Other contributions and interest	\$ 10,441	\$ 14,979
	\$ 1,216,180	\$ 889,311
Expenses		
Conflict Diamonds	\$ 531,097	\$ 467,600
Conflict Minerals	\$ 483,795	\$ 242,938
Transparency and Accountability	\$ 186,757	\$ 121,360
Security and Human Rights	\$ 4,201	
Food Sovereignty		\$ 39,955
African Peer Review Mechanism		\$ 2,603
	\$ 1,205,850	\$ 874,456
Excess of revenues over expenses	\$ 10,330	\$ 14,855

A complete version of the Audited Statements by van Berkomp Professional Corporation Chartered Accountants is available from Partnership Africa Canada.

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.

For financial year 2011-2012 our main funders have been:

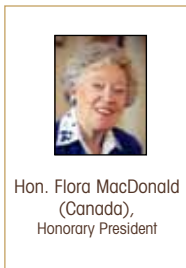




(Credit: Istock)



(Credit: Istock)



Hon. Flora MacDonald
(Canada),
President
Honorary President

Board of Directors 2011



Madelaine Drohan
(Canada),
President
Until October 2011



David Kalete
(Uganda),
Vice-President



Alex Neve
(Canada),
Secretary-Treasurer



Susan Côté-Freeman
(Canada)



Baudouin Hamuli
Kabarhuza
(DR Congo)



Charles Mutasa
(Zimbabwe)



Matthew Pearce
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Until October 2011



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Marie-Angélique Savané
(Senegal)



Rebecca Tiessen
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Alexandre Trudeau
(Canada)

PAC Staff 2011



Bernard Taylor
Executive Director



Josée Létourneau
Director
Finance and Administration



Nadim Kara
Campaign Director
– Natural Resources
Until October 2011



Alan Martin
Research Director
– Natural Resources



Joanne Lebert
Director
– Great Lakes Programme



Ousmane Dème
Director
– Publish What You Pay
Canada

Research Associates 2011

Shawn Blore
Rob Dunn
Ajay Garg
Kady Seguin

Ian Smillie
Stephen Winstanley
Claire Woodside

Publications in 2011

Partnership Africa Canada



- o Taming the Resource Curse: Implementing the ICGLR Certification Mechanism for Conflict-prone Minerals
- o Exploratory Study on the Implementation of the Voluntary Principles in the Democratic Republic of the Congo
- o Other Facets

PAC's publications are available on its web site: www.pacweb.org

Publish What You Pay - Canada



- o An Eye on Disclosure: the PWYP-Canada Guide to Finding Information on Public Mining Companies in Canada
- o Mining Company Portfolios
- o APERIO

PWYP-Canada's publications are available on its web site: www.pwyp.ca



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