



Year in Review 2013



**PARTNERSHIP
AFRICA CANADA**



RESEARCH • POLICY DIALOGUE • ACTION

PAC promotes sustainable and inclusive human development in Africa through research, policy engagement and the implementation of initiatives locally and globally in areas such as:

- ▶ Industry guidelines, standards and codes of practice
- ▶ Certification and traceability of conflict-prone minerals
- ▶ Transparency and accountability in the mining sector
- ▶ Artisanal and small-scale mining
- ▶ Gender and artisanal mining
- ▶ Civil society engagement in natural resource governance
- ▶ Security and human rights in the extractive sector

PARTNERSHIPS

PAC's work during 2013 greatly benefited from collaboration with organizations such as:

CENADEP • Artisanal Gold Council • COSOC-GL • IPIS
 ICGLR • Kimberley Process • World Diamond Council
 Global Witness • Responsible Jewellery Council • OECD
 Diamond Development Initiative • KP Civil Society Coalition
 SARW • Revenue Watch Institute/NRGI • PWYP International
 Resource Revenue Transparency Working Group
 Institute of African Studies – Carleton University
 RIO/ECC • Université Catholique de Bukavu
 ARED • Université de Kisangani



PAC's achievements and challenges

The year 2013, under review in this annual report, has seen many successes that we are proud to share with our partners and funders. The year's achievements, large and small, are too many to list but we would be remiss in not noting the sterling work of PAC's staff and its unfailing energy and dedication throughout the year.

PAC's mission is to promote sustainable and inclusive human development in Africa through research, policy engagement and the implementation of initiatives locally and globally. Our work takes many forms and we hope you will find the account of our activities in this annual review informative, useful and, above all, inspiring.

With more than 15 years' involvement in the Great Lakes region of Africa and deep expertise gained through ground breaking work on conflict diamonds, PAC continues to lead and innovate through its support for the mineral certification mechanism of the International Conference on the Great Lakes Region. More recent work in DRC's Orientale Province focusing on artisanal gold aims to ensure that miners in this sector can increase their productivity with the help of more reliable prospection methods and enter legitimate supply chains, thus lessening the risks of conflict financing and the smuggling of gold across borders.

PAC's long standing association with the Kimberley Process continued in 2013. Among its many contributions PAC carried out a study providing recommendations to strengthen the Peer Review mechanism. As a means of supporting the important contribution of civil society in the Kimberley Process, PAC also produced guidance for NGOs.

One of the notable achievements of the year was the announcement by the government of Canada that it would implement mandatory reporting requirements for Canadian extractive companies operating in Canada and abroad. This news came in the footsteps of similar developments in Europe and the United States. Publish What You Pay-Canada, an organisation which is hosted by PAC, played a key role by convening a dialogue with Canadian industry about such reporting measures during the period before the government's announcement.

We look back on 2013 as a year of proud achievements but we cannot ignore the challenges ahead. So much more needs to be done to ensure that mineral extraction and trade cease to foster conflict and provide the social and economic advancement that Africa needs and deserves. This cannot be accomplished without resources, both human and financial. Our hope is that in communicating the scope and impact of PAC's activities we can generate the strong support needed for our work.



Susan Côté-Freeman, *President*

Bernard Taylor, *Executive Director*

Progress on Mineral Export Certification from the Great Lakes Region

The first ICGLR mineral export certificates have been issued by Rwanda and the DRC

The violent exploitation of natural resources has been a persistent problem in the Great Lakes Region of Africa. From rubber in the colonial period to tin, tungsten, tantalum, and gold today, the Democratic Republic of Congo and countries surrounding it have experienced significant conflict in the name of resource extraction. To many, this violence may seem far removed from day-to-day life - something viewed only briefly on the evening news - but it may actually be as close to home as our pockets. Smartphones, cameras, computers, and all other manner of high tech gadgetry rely on the minerals mined in the Great Lakes Region to function. In 2010, PAC drew on its expertise with conflict diamonds and proposed a regional certification mechanism for conflict minerals to the states of the Great Lakes Region, which was rapidly adopted.

PAC continues today to engage with the governments of the ICGLR to assist them with the implementation of the certification mechanism. PAC has provided its technical support to Rwanda and DRC in particular. This has included direct technical assistance to certification focal points and training sessions on certification export procedures for government authorities in both countries. The first certificates have now been issued, but the challenge, especially in DRC, will be to fully roll out certification to the many smaller mine sites throughout the eastern part of the country. Elsewhere, Burundi has adopted the ICGLR's mineral certification procedures into its national legal framework, but has yet to develop the capacity to implement them. In neighbouring Uganda, no decision has yet been taken regarding mineral certification.



Implementation of the ICGLR Regional Certification Mechanism

The ICGLR Regional Certification Mechanism (RCM) is a compulsory regional standard for certification of four designated minerals (tin, tantalum, tungsten and gold) sourced from any ICGLR member state. The RCM is fully compliant with the OECD *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, which is the internationally recognized due diligence framework. The RCM allows end-users to source designated minerals responsibly from the Great Lakes Region in compliance with international requirements. Only mineral shipments that can demonstrate “conflict free” origin, transport, and processing will be awarded an ICGLR Certificate. The ICGLR sets out 3 steps that need to be implemented by member states to comply with its certification requirements:

- Mineral consignments will have to originate from validated mine sites, which have been inspected according to specific procedures and standards
- Mineral consignments are traceable through their documentation along the chain of custody
- Mineral consignments are issued an ICGLR Certificate and cleared for export



The ICGLR is an inter-governmental organization of twelve countries of the Great Lakes region: Angola, Burundi, Central African Republic, Republic of Congo, Democratic Republic of the Congo, Kenya, Rwanda, Sudan, South Sudan, Tanzania, Uganda and Zambia.

Through the 2004 Dar Es Salaam Declaration on *Peace, Security and Development in the Great Lakes Region*, the countries committed to transform the Great Lakes Region into a space of sustainable peace and security for states and peoples, political and social stability, shared growth and development. The 2006 *Nairobi Pact on Security, Stability and Development* includes a variety of protocols, including one on preventing the illegal exploitation of natural resources. PAC helped draft this protocol and subsequently developed for the ICGLR the Regional Certification Mechanism for four conflict-prone minerals: cassiterite (tin), tantalum (coltan), wolframite (tungsten) and gold.

Civil Society Engagement

PAC collaborates closely with COSOC-GL, an independent civil society coalition working on natural resources comprised of organizations from the Kivus (DRC), Rwanda, Burundi and Uganda. The coalition members work to promote the ICGLR Pact and to hold their governments to the commitments they have made, particularly as regards to the tracking and certification of conflict-prone minerals. The coalition is coordinated by CENADEP. PAC has supported COSOC-GL in a number of ways, notably by providing technical training of COSOC-GL members and other civil society organizations on ICGLR compliance requirements for mineral certification.

COSOC-GL has gained regional and international profile and members are increasingly engaged in meetings about the implementation of the OECD *Due Diligence Guidance on Responsible Supply Chains in Conflict-Affected and High-Risk Areas* and related supplements. COSOC-GL members participate in the ICGLR Audit Committee, and as members of mine site inspection missions.

Traceable “Conflict-free” Artisanal Gold

Gold is considered the most persistent ‘conflict mineral’ today, with more than half of the estimated 800 artisanal gold mines in eastern DRC having been under illegal rebel or army control. Almost the entire gold production of these mines - 98% according to the United Nations - is smuggled out of the country, implying enormous tax losses to the Congolese government. Efforts to include the artisanal and small-scale mining (ASM) gold sector in responsible sourcing mechanisms are therefore critical to preventing further marginalization of ASM miners and heightened risks of conflict financing and illegal smuggling.

In collaboration with CENADEP, PAC has begun a pilot project in Orientale Province that aims to create a fully traceable conflict-free mineral supply chain for artisanal gold from mine site to refiner. With support from DDI, a basic paper-based tracking system was introduced with 250 artisanal gold miners. They agreed to sell their gold through identified legal sales chains and to have their production and sales tracked in exchange for access to technical assistance. Technical support provided by the Artisanal Gold Council increased their yields by approximately 25-30%.

The project data suggests very strong loyalty by miners to traceability when costs of legal sales are offset by increased yields. Several key lessons were also learned throughout the course of the project, including the need to identify greater interventions in the sales chain at the point of the small and large traders, who are most price-sensitive. Moreover, contestation over land claims hampers the scaling up



Kevin Telmer (Artisanal Gold Council) and André Muamba (PAC field technician) demonstrate improved sluice to artisanal miners, Orientale Province, DRC. Credit: PAC/Shawn Blore.



Véronique Minyego (RIO-ECC) interviewing women about their involvement in artisanal mining, South-Kivu, DRC. Credit: RIO-ECC

Gender and Natural Resources: Equality and Security

In February 2013, PAC and Carleton University's Institute of African Studies, in collaboration with the ICGLR, organized a workshop in Bujumbura, Burundi on the Economies of Sexual Violence and Conflict in Africa. The workshop sought a sharing of expertise between activists and researchers within Africa, and between Africa and Canada. Of particular relevance to PAC's work, the workshop included a particular focus on the illicit mineral trade.

Later in 2013, PAC began a research project in eastern DRC in collaboration with RIO/ECC, ARED and researchers from the universities of Bukavu and Kisangani, with the aim of mapping the gendered experiences of extraction, production and transportation of artisanally-mined minerals from mine site to point of export. The research sought to understand the nature of women and girls' participation in the informal mineral sector all along the chain of custody, and to determine how they may either benefit from or experience further marginalization in the sector - possibly as a result of its informal nature or as a result of the introduction of new regulations, standards, chain of custody tracking systems and certification, where applicable. The research necessarily included a focus on sexual violence to identify or examine direct and indirect linkages to the sector. PAC will publish a report based on the research in 2014.

Canada Commits to Mandatory Payments Reporting

PWYP-Canada is the national coalition of the global PWYP network, which includes over 800 civil society organizations around the world united in their call for a more open and accountable extractive sector. PWYP-Canada is hosted by Partnership Africa Canada

In June 2013, the government of Canada announced that it would implement mandatory reporting requirements for Canadian extractive companies operating in Canada and abroad. This important news came as other jurisdictions, such as the European Union and the US, moved ahead with similar requirements. It also followed many months of dialogue in Canada about the need for such measures, in which PWYP-Canada played a key role.

In September 2012, PWYP-Canada had launched the Resource Revenue Transparency Working Group with the Mining Association of Canada (MAC), the Prospectors and Development Association of Canada (PDAC) and the Natural Resource Governance Institute. The Working Group successfully negotiated and finalized recommendations to governments for the development of a mandatory payment reporting framework. These recommendations have influenced the Canadian government's decision-making and PWYP-Canada is actively monitoring the government's progress towards its commitment to develop robust standards in a reasonable time period.

The implementation of these recommendations by Canada will provide citizens around the world with valuable information about payments by companies to governments in countries that produce minerals. Increased transparency will allow citizens and media to hold their governments to account for the revenues generated from mining activities and help to ensure that these revenues contribute to sustainable development and poverty reduction.

The Resource Revenue Transparency Working Group's recommendations are available at: www.pwyp.ca

PWYP-Canada Capacity Building

PWYP-Canada carried out capacity building workshops in Tanzania, Zimbabwe and Cameroon. The workshops sought to provide participants, who included representatives from civil society organizations and journalists, with the tools necessary to access and use information disclosed by extractive companies. Drawing upon PWYP-Canada knowledge of extractives disclosure and real world examples of information disclosed by mining companies, participants learnt new tools that will help them not only find information, but put it to good use. The feedback from these workshops was overwhelmingly positive.



Gilbert Makore (ZELA) addressing a PWYP workshop, Harare, Zimbabwe:
Credit: PAC/Kady Seguin

Kimberley Process Reforms Inch Forward



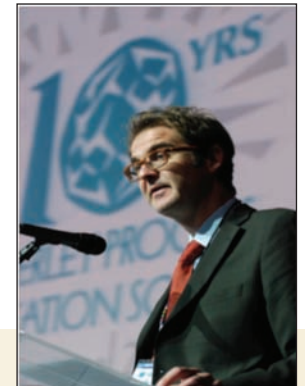
In December 2000, the United Nations General Assembly adopted Resolution (A/RES/55/56) on the need to break the link between the trade in rough diamonds and armed conflict. Earlier, in May 2000, a meeting had been called by the South African government in Kimberley to discuss the issue of “conflict diamonds”. This led to a series of meetings that became known as the ‘Kimberley Process’ (KP). After 30 months of negotiation, the KP agreed to implement a regulatory mechanism: an international certification system for rough diamonds called the Kimberley Process Certification Scheme (KPCS). This scheme came into force on January 1, 2003. PAC participated in the first meeting in Kimberley and all subsequent meetings.

The KPCS is a certification-of-origin mechanism, requiring its members (“Participants”) to certify shipments of rough diamonds leaving their borders as ‘conflict-free’. KP Participants may trade rough diamonds only with other KP Participants. The KP has 54 participants, representing 81 countries, with the European Union and its member states counting as a single participant. The KP also includes Observers: the World Diamond Council (WDC), the KP Civil Society Coalition, the Diamond Development Initiative (DDI) and the African Diamond Producers Association (ADPA). PAC is a member of the KP Civil Society Coalition.

PAC and others in the KP have argued for many years that violence in the diamond sector – whether it is perpetrated by rebel groups or government armed forces – is essentially the same and diamonds produced in such conditions are “conflict diamonds”. However, despite prolonged debate within the Kimberley Process (KP), efforts to introduce a new definition of “conflict diamonds” that would be more responsive to changing forms of violence in the diamond sector stalled in 2013 due to a lack of consensus. The current very minimalist definition partly explains why the KP was slow to react to the evolving situation in the Central African Republic, where rebel forces grew stronger on the proceeds of illicit diamond trading and eventually took power in 2013. The KP then moved to suspend CAR, but the move was too little and far too late. The spiral of violence was soon out of control and CAR subsequently collapsed into ethnic and religious conflict. CAR conflict diamonds are now quietly finding their way on to the world market and on to people’s fingers.

On another level, there has been some progress on administrative matters such as the creation of a KP office, which the KP refers to as the ASM, or the Administrative Support Mechanism. The World Diamond Council offered to run the ASM through trading centres in Belgium, India, Israel and Ghana, and this proposal won consensus among KP delegates. PAC and the Civil Society Coalition, however, have maintained that the KP should have a strong secretariat, providing professional coordination and support to its members. The ASM is not set up to provide this and for an industry that produced rough diamonds valued at \$14bn in 2013, it is astonishing that the KP refuses to envisage equipping itself in this way.

The lack of greater progress on the KP reform agenda led PAC to lobby governments and diamond industry members to consider other initiatives that could advance better governance of the diamond industry. To this end, PAC continued its work on the Standards Committee of the Responsible Jewellery Council and has reiterated the need for new governance standards for governments and industry members. PAC also participated in meetings at the OECD looking at the possibility of creating due diligence guidance for precious stones (including diamonds) similar to those already concluded for gold and other conflict minerals. It seems clear that, over time, the ethical bar will be raised and diamonds and the KP will be brought closer in line with other conflict mineral and responsible sourcing initiatives.



Alan Martin (PAC) addressing the Kimberley Process Plenary meeting, Johannesburg, South Africa.
Credit: Kimberley Process/South Africa

A Regional Approach to Tackle Smuggling and KP Compliance

The idea of a regional approach to address problems of smuggling and national compliance with KP regulations in the Mano River region of West Africa has been the subject of discussion inside and outside the KP for many years. It has been referenced and recommended in a range of documents, from the reports of UN Panel of Experts (Liberia) and KP review visits to technical workshops on commonly shared challenges like counter-smuggling enforcement strategies. West African diamond producing countries have repeatedly requested technical and financial assistance to help strengthen their internal controls. Finally, in 2013, a group with the KP, including PAC, began consultations in West Africa to determine how such a regional approach could work.

The primary motivation for this initiative is for participating countries - Côte d'Ivoire, Guinea, Liberia and Sierra Leone – to improve internal controls, reduce smuggling and obtain greater economic returns from the diamond sector. Preliminary consultations on a regional approach have elicited high-level political support in every country. Civil society groups have been equally supportive, and have already begun forging closer relationships, most notably by creating the *Mano River Union Civil Society Natural Resource Rights and Governance Platform*. The Regional Approach has received the full endorsement of the KP.

The high level of political support for this initiative is promising, and could represent a new frontier for the KP, as governments seek to harmonize policies and cooperate to overcome commonly shared challenges, such as smuggling and lower valuations on their diamonds. PAC will continue to play a strong role within the Regional Approach during the coming years.

Strengthening the KP Peer Review Process

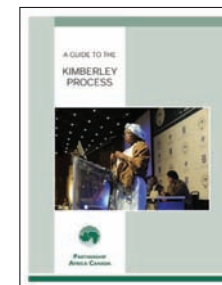
The KP has a peer review monitoring system, which includes a system of review visits to given countries by KP members from other countries, together with representatives of the diamond industry and civil society. Review visits assess if a Participant is in full compliance with KP minimum requirements and make recommendations on how compliance could be improved. Special review missions can be sent at any time where there are “credible indications of significant non-compliance” in a given country.

In 2013, PAC undertook a study of the KP Peer Review system as a contribution to a KP review of the process. The main aim of the study was to research how review visits and missions could be strengthened by identifying best practices and lessons learned. The report - “*A Study of the KP Peer Review System*” - has a number of recommendations and was presented at the Johannesburg Plenary meeting of the KP. PAC and the Civil Society Coalition will continue to monitor and participate in the peer review process.

KP Civil Society Coalition

The KP Civil Society Coalition has Observer status within the KP, along with the diamond industry. It's made up of CSO members from seven countries in Africa – Guinea, Sierra Leone, Liberia, Côte d'Ivoire, Cameroon, DRC and Zimbabwe - and Canada. Coalition members are active in their respective countries, helping to raise awareness about the KP and monitoring its compliance. Members work especially closely with artisanal mining communities, undertaking research and training activities.

In 2013 PAC published “*A Guide to the Kimberley Process*” on behalf of the KP Civil Society Coalition. The guide



aims to provide an introduction to the Kimberley Process for civil society and other interested stakeholders. It gives an introduction to the history, operations and structure of the KP, as well as an overview of those involved. It also includes the views of civil society on the KP's shortcomings and improvements required. Finally, there is a glossary of terms and a bibliography of resources for further information. The guide is available at: www.pacweb.org

Statement of Operations

| Revenues and Expenses for the year ending | March 31, 2014 | March 31, 2013 |
|---|------------------|------------------|
| Revenues | | |
| International Development Research Centre (Canada) | 22,316 | 2,544 |
| Foreign Affairs and International Trade Canada | - | 743,194 |
| European Union | 329,514 | 60,737 |
| Irish Aid | 265,196 | 142,989 |
| Foreign Trade and Development Cooperation - Belgium | 67,183 | 130,733 |
| Federal Institute for Geosciences and Natural Resources – BGR (Germany) | 27,018 | - |
| AusAid (Australia) | 6,294 | - |
| Federal Department of Foreign Affairs – Switzerland | 5,880 | 20,436 |
| USAID/Tetra Tech ARD | - | 31,651 |
| German Agency for International Cooperation (GIZ) | - | 17,971 |
| Public-Private Alliance (PPA)/Resolve (USA) | 241,218 | 113,017 |
| Humanity United (USA) | 301,425 | 5,844 |
| Natural Resource Governance Institute (Revenue Watch Institute)(USA) | 53,749 | 70,274 |
| Cordaid (Netherlands) | - | 707 |
| Other contributions | 34,226 | 17,617 |
| Interest | 5,773 | 4,349 |
| | <u>1,359,792</u> | <u>1,362,063</u> |
| Expenses | | |
| Conflict Diamonds | 497,446 | 361,894 |
| Conflict Minerals | 732,263 | 884,840 |
| Transparency and Accountability | 141,632 | 117,649 |
| Security and Human Rights | 7,082 | 3,372 |
| | <u>1,378,423</u> | <u>1,367,755</u> |
| (Deficiency) Excess of Revenues over Expenses | (18,631) | (5,692) |

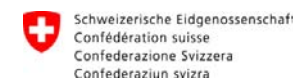
The Audited Statements for Partnership Africa Canada by van Berkom Professional Corporation are available from PAC on request.

Our grateful thanks to our donors!

PAC receives funding from a broad range of governments, institutions and non-governmental organizations across the world. We are deeply grateful for this support and for the expression of confidence in our work. The various programmes could not be undertaken without this support and we recognize that our achievements are also those of our supporters.



Public-Private Alliance for
Responsible Minerals Trade (PPA)



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Women welcoming the visiting Kimberley Process delegation in Bobi, an artisanal diamond-mining zone in Côte d'Ivoire. Credit: PAC/Alan Martin



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Front page pictures:

Bukavu, South-Kivu, Democratic Republic of the Congo,
overlooking Lake Kivu. Credit: PAC/Joanne Lebert.

Inset photos: Artisanal miners, Democratic Republic of
the Congo