



**USAID**  
FROM THE AMERICAN PEOPLE

# CAPACITY BUILDING FOR A RESPONSIBLE MINERALS TRADE (CBRMT)

The Regional Certification Mechanism of the International  
Conference of the Great Lakes: Evaluation and  
Recommendations

Version: July 2016

This publication was produced for review by the United States Agency for International Development.  
It was prepared by Tetra Tech.



Prepared by Tetra Tech for the United States Agency for International Development, USAID Contract No. AID-OAA-I-12-00032/AID-660-TO-14-00002, under the Strengthening Tenure and Resource Rights (STARR) Indefinite Quantity Contract (IQC).

This report was originally prepared by: Dr. Thomas Salter and Gregory Mthembu-Salter of Phuzumoya Consulting.

Tetra Tech  
159 Bank Street, Suite 300  
Burlington, Vermont 05401 USA  
Telephone: (802) 495-0282  
Fax: (802) 658-4247  
Email: [international.development@tetrattech.com](mailto:international.development@tetrattech.com)

**Tetra Tech Contacts:**

Dr. Denis Roumestan, Chief of Party  
Email: [denis.roumestan@tetrattech.com](mailto:denis.roumestan@tetrattech.com)

Dr. Catherine Picard, Project Manager  
Email: [catherine.picard@tetrattech.com](mailto:catherine.picard@tetrattech.com)

# CAPACITY BUILDING FOR A RESPONSIBLE MINERALS TRADE (CBRMT)

The Regional Certification Mechanism of the  
International Conference of the Great Lakes:  
Evaluation and Recommendations.

July 2016

**DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# TABLE OF CONTENTS

TABLE OF CONTENTS.....	I
ACRONYMS AND ABBREVIATIONS.....	III
SUMMARY OF RECOMMENDATIONS.....	5
1.0 INTRODUCTION .....	9
1.1 THE CONTEXT - CONFLICT FUNDING AND LIVELIHOODS.....	9
2.0 RCM INSTITUTIONAL ARCHITECTURE AND THE SIX TOOLS OF THE RINR.....	12
2.1 ICGLR ORGANIZATIONAL STRUCTURE .....	15
3.0 RCM MINE SITE CERTIFICATION .....	17
3.1 RCM MINE SITE CERTIFICATION .....	17
3.2 MINE SITE CERTIFICATION IN PRACTICE .....	17
3.3 MINE SITE CERTIFICATION RECOMMENDATIONS.....	19
3.4 MINE SITE INSPECTION CRITERIA .....	20
3.4.1 Rwanda .....	23
3.4.2 Uganda .....	23
3.4.3 DRC.....	24
3.4 MINE SITE INSPECTION CRITERIA RECOMMENDATIONS .....	25
4.0 RCM: CHAIN OF CUSTODY .....	26
4.1 RCM CHAIN OF CUSTODY POLICY .....	26
4.2 RCM CHAIN OF CUSTODY IN PRACTICE .....	27
4.3 CoC IMPLEMENTATION – 3T ISSUES AND CHALLENGES .....	27
4.5 UGANDA AND ITSCI.....	30
4.8 THE PROSPECTS FOR AN ADDITIONAL SYSTEM .....	30
4.9 COULD ICGLR MEMBER STATES RUN THE RCM ON THEIR OWN AND COULD THAT SECURE INTERNATIONAL CREDIBILITY? .....	31
4.12 RCM CHAIN OF CUSTODY RECOMMENDATIONS .....	32
4.13 GOLD AND CHAIN OF CUSTODY IMPLEMENTATION.....	32
5.0 EXPORT AND CERTIFICATION .....	35
5.1 RCM POLICY.....	35
5.2 RCM IN PRACTICE .....	35
5.3 DRC .....	35
6.0 3 <sup>RD</sup> PARTY AUDITING.....	37
6.1 AUDITING POLICY .....	37
6.2 RCM AUDITING IN PRACTICE .....	37

6.2 RCM AUDITING RECOMMENDATIONS.....	39
6.3 GOLD	39
7.0 INDEPENDENT MINERAL CHAIN AUDITOR (IMCA).....	41
7.1 RCM IMCA POLICY .....	41
7.2 IMCA IN PRACTICE.....	42
7.3 IMCA RECOMMENDATIONS .....	42
8.0 ICGLR MINERALS DATABASE .....	43
8.1 RCM DATABASE POLICY .....	43
8.2 RCM DATABASE IN PRACTICE.....	44
8.3 RCM DATABASE RECCOMENDATIONS.....	45
APPENDIX A: LIST OF STAKEHOLDERS INTERVIEWED OR CONTACTED .....	46
BIBLIOGRAPHY .....	48

# ACRONYMS AND ABBREVIATIONS

3T	Tin, Tungsten and Tantalum
3TG	Tin, Tungsten, Tantalum and Gold
ANR	<i>Agence Nationale de Renseignements</i>
ASM	Artisanal and Small-Scale Mining
BGR	German Federal Institute for Geosciences and Natural Resources
BSP	Better Sourcing Programme
CBRMT	Capacity Building for Responsible Minerals Trade
CEEC	<i>Centre d’Evaluation, d’Expertise et de Certification des substances minérales précieuses et sémi-précieuses</i>
CFSI	Conflict Free Sourcing Initiative
CFSP	Conflict-Free Smelter Program
CLS	<i>Comité Locale de Suivi</i>
CoC	Chain of Custody
CPP	<i>Comité Provinciale de Pilotage</i>
DDG	Due Diligence Guidance
DFA	Dodd-Frank Act
DGM	<i>Direction Générale des Douanes et Accises</i>
DGRAD	<i>Direction Générales des Recettes Administratives, Judiciaires, Domaniales et de Participation</i>
DGSM	Department of Geological Survey and Mines
DM	<i>Division des Mines</i>
DMCC	Dubai Multi-Commodities Centre
DRC	Democratic Republic of Congo
EITI	Extractive Industries Transparency Initiative
FARDC	<i>Forces Armées de la République Démocratique du Congo</i>
FDLR	<i>Forces Démocratiques de Libération du Rwanda</i>
GMD	Geology and Mines Department

HRW	Human Rights Watch
ICGLR	International Conference on the Great Lakes Region
IMCA	Independent Mineral Chains Auditor
IPIS	International Peace Information Service
ITOA	<i>Initiative de Traçabilité de l'Or d'Exploitation Artisanale</i>
iTSCi	ITRI Tin Supply Chain Initiative
KYC	Know Your Customer
LACA	<i>Laboratoire de Contrôle et d'Analyse Chimique</i>
LBMA	London Bullion Market Association
LSM	Large Scale Mining
MINIRENA	Ministry of Natural Resources, Rwanda
MoU	Memorandum of Understanding
OCC	<i>Office Congolaise de Contrôle</i>
OECD	Organisation for Economic Cooperation and Development
PAC	Partnership Africa Canada
RCM	Regional Certification Mechanism
RGG	Responsible Gold Guidance
RINR	Regional Initiative Against the Illegal Exploitation of Natural Resources
RNRA	Rwanda Natural Resources Authority
SAESSCAM	<i>Service d'Assistance et d'Encadrement du Small Scale Mining</i>
SMB	<i>Société Minière de Bisunzu</i>
SME	small and medium-sized enterprises
TIC	Tantalum-Niobium International Study Centre
UK	United Kingdom of Great Britain and Northern Ireland
UNGoE	UN Group of Experts on the DRC
ZEA	<i>Zone d'Exploitation Artisanale</i>

# SUMMARY OF RECOMMENDATIONS

This report evaluates the Regional Certification Mechanism (RCM) of the International Conference of the Great Lakes (ICGLR), and makes recommendations for the RCM's improvement. This includes the following components of the RCM: (1) mine site inspections and certification, (2) chain of custody (CoC) systems, (3) export and certification; (4) mineral tracking database, (5) independent third party audits, and (5) the independent mineral chain auditor (IMCA).

Research was conducted between October–December 2015 and included a thorough literature review; desk-based interviews with over 40 stakeholders (including ICGLR staff, relevant national government officials; private sector stakeholder; industry associations, donor representatives and civil society) as well as in-country fieldwork in the DRC and Uganda.

The results conclude that the RCM provides the ICGLR with a solid basis for improved public sector governance of the tin, tantalum and gold (3TG) mineral trade in the Great Lakes Region. The assessment however, also concludes that the RCM and associated appendixes – which total more 155 pages – is inconsistent, duplicative, overly complex, onerous and costly to implement and lacks a sustainable plan for funding. As a result, the credibility of the system itself, particularly from the perspective of downstream end users, is in urgent need of strengthening.

It is important to note that the drafting of the RCM manual in 2010/2011 was based on an amalgamation of the German Federal Institute for Geosciences and Natural Resources (BGR) Certified Trading Chains (CTC) program and the OECD's Due Diligence Guidance. This combination may have suited Rwandan circumstances, but is far less suited to the circumstances in Eastern DRC where 3TG supply chains are orders of magnitude more complex, and state capacity far more limited.

Furthermore, the OECD Due Diligence Guidance is intended to provide a model for the implementation of due diligence by the *private sector*. In contrast, the CTC provides a model for *state and donor-funded projects* implementing certification schemes, primarily by BGR. The blending of the two models in the RCM has resulted in an unwieldy manual that confuses private and public sector responsibilities. It also means the forms used for certification are complicated and unclear. A single model ICGLR certification form - developed on the basis of a streamlined manual - would go a long way to improving the prospects of more cost effective and credible mine site certification. In particular, the OECD Due Diligence Guidance should provide the basis for that streamlining. The 'progress criteria' that form part of the present RCM should be made an individual member state responsibility, or made part of the formalization tool of the ICGLR's RINR.

The need to clarify the boundaries of private and public sector responsibility has also become increasingly clear as there is an unresolved issue regarding the status of private sector audits for the ICGLR, and the status of RCM audits for the private sector in fulfilling its due diligence obligations. The report concludes now is the time to streamline and harmonize the RCM on the basis of OECD Guidance, clarify private and public sector responsibilities, and increase the RCM's credibility and cost effectiveness.

Additionally, it is critical to ensure the RCM is self-financing before a deadline is imposed for regional implementation. Particularly given the falling international price of minerals, exporters are likely to resist a new levy on exports to fund RCM certification unless it is matched by a reduction in the cost of the iTSCi levy, or that of any other provider. Moreover, if RCM certification becomes mandatory in the region before audit harmonization has been established, this will in effect impose an audit duplication requirement on 3TG exporters in the region. We therefore recommend that private sector and RCM audits be harmonized - or mutually recognize one another - *before* making RCM audits mandatory.

Finally, this report concludes if the RCM is to reduce conflict financing to any significant degree, it must be able to impact the trade in artisanal gold. The gold industry, however, appears unlikely to develop its own Chain of Custody tracking and due diligence assurance for ASM gold in the region. This makes government, private sector and NGO efforts at establishing the responsible gold pilot projects essential. Member States need to support such efforts and address the fiscal and legal circumstances to support a viable RCM conformant model for artisanal gold; likewise an ICGLR RCM ‘gold supplement’ should be drafted.

In sum, while significant progress has been in establishing various elements of the RCM, as with any system it must evolve and adapt if it is to remain credible and effective. **To address these challenges, the report strongly recommends that Member States adjust certain aspects of the RCM’s scope and procedures and identifying a sustainable plan for the sustained financing of the mechanism into the future.** The results of these recommendations are anticipated to yield significant improvements in the RCM’s effectiveness, efficiency, and credibility.

A summary of recommendations are provided below, organized by key stakeholders. Details regarding each of these recommendations is provided in the body of the report.

<b>Key technical recommendations for the RCM</b>
1. <b>Refocus the RCM exclusively on “status” criteria</b> , and move all “progress” criteria to the ICGLR’s formalization agenda, or made the responsibility of individual member states to define, regulate and certify.
2. <b>Develop an RCM business plan</b> that identifies how the RCM will be self-financing within 3 years
3. <b>End the costly and inefficient practice of audit duplication</b> by harmonizing private sector and RCM audits - or mutually recognize one another - <i>before</i> making RCM audits mandatory.
4. <b>Provide clarity to ICGLR member states on the RCM requirements for Certificates of Origin</b> issued by these states for mineral exports.
5. <b>Eliminate the duplication of ICGLR and private sector CoC and physical traceability checks for export certification.</b>
6. <b>Develop an RCM auditing template</b> , which meets criteria recognized by iTSCi’s auditors and the Conflict Free Smelter Program (CFSP) LBMA and DMCC
7. <b>Clarify which criteria apply to artisanal mining versus large scale mining</b> throughout the RCM Manual.
8. <b>Develop single ICGLR certification form</b> – based on OECD Guidance – for 3Ts and for Gold valid across Member States.
9. <b>Draft a gold supplement for the RCM.</b> The supplement should be accompanied by a careful examination of the policy and fiscal context to ensure its viability.
10. <b>The name of the Independent Mineral Chain Auditor should be changed to ‘Independent Mineral Chain Inspector’</b> to more accurately reflect the IMCA’s role and responsibilities.

<b>Key Recommendations for Harmonization across ICGLR Member States</b>	
1.	<b>Agree to streamline the RCM</b> to promote market credibility, and more closely align it with OECD Due Diligence Guidance, including by updating the manual to clarify and distinguish public and private sector responsibilities regarding Chain of Custody, due diligence and auditing responsibilities.
2.	<b>ICGLR Member States should use the updated Certification Manual to revise the forms to be used by national mine-site RCM validation and certification teams.</b> We further recommend that the forms be accompanied by a supporting document providing guidance on research methodology and data sharing.
3.	<b>Build consensus on how to translate the OECD DDG into auditing standards/templates that can be met by artisanal 3TG supply chains from ICGLR member states.</b> The auditing template should be compatible with those of relevant 3TG private sector organizations (e.g. ITRI, LBMA, DMCC). Additionally, there should be mutual recognition between the ICGLR and these organizations of their responsible supply chain audits, to avoid duplication.
4.	<b>Agree to an order of priority for RCM implementation</b> in light of funding availability.
5.	<b>Agree on a regional approach focused to address the cross border smuggling of ASM gold.</b> This includes bolstering cross border customs cooperation, harmonizing member states' tax regimes and regional implementation of the RCM to reduce the smuggling and internal laundering risks.
6.	<b>Urgently address financing for the IMCA Office</b> as the current donor funding stream in anticipated to conclude in February 2017.
7.	<b>The ICGLR Steering Committee should finalize an Appeals Procedure</b> for producers and exporters that are yellow or red flagged by RCM validation or certification missions.
8.	<b>Clarify that ICGLR member states should not aim to deliver services that are more appropriately the due diligence responsibilities of the private sector</b> and increase collaboration with the private sector to undertake these responsibilities. Indeed, for companies that have to comply with the US Dodd-Frank Act (DFA), those are already legally binding responsibilities.
9.	<b>Negotiate with international organizations about practicable interpretations of the OECD DDG as auditing standards – particularly for ASM gold</b> including the Conflict Free Smelter Initiative (CFSI), London Bullion Market Association (LBMA) and Dubai Multi-Commodities Centre (DMCC).
10.	<b>The ICGLR should continue supporting the establishment of an additional in-region traceability and due diligence providers,</b> including by finalizing their MoU with BSP. Through the MOU process the ICGLR should ensure all RCM criteria (including for example sharing of data) are agreed to by any traceability service provider.

## Key recommendations for Member States

### Democratic Republic of the Congo

- The size and cost of the *missions conjointes* should be reduced and a more sustainable but credible validation process should be put in place.
- End the duplication of validation missions by the *groupes conjointes* and BGR’s mine site audits
- Revise the DRC’s RCM “fiche” to make it simpler, clearer and shorter. Specifically:
  - i) Develop separate forms for LSM and ASM;
  - ii) The fiche should focus only on status criteria, and exclude other CTC criteria;
  - iii) The fiche should be harmonized with the OECD DDG, including Annex II.
- Reduce and harmonize legal taxes within the DRC on artisanal gold in order to incentivize compliance with the RCM.

### Rwanda

- Members of civil society should join the National Steering Committee in order to strengthen the independence of mine site inspection and the RCM credibility.
- An independent assessment of Rwanda’s GMD’s certification process should be conducted, possibly by the IMCA.

### Uganda

- Donor partners should work with the Ugandan government and the private sector to establish a pilot project for streamlined RCM-certified wolframite production. This could include a pilot project at a wolframite mine, incorporating an OECD DDG-conforming mineral supply chain Due Diligence system, with streamlined RCM state certification, and documentary traceability, alongside private sector due diligence practices and auditing procedures.
- Ensure a sufficient budget and number of inspectors are hired to implement RCM certification.

### Tanzania:

- Share lessons learned with other Member States regarding export and royalty tax payment documentation
- Support pilot projects aimed at exporting responsible artisanal gold, including by demonstrating robust implementation of a streamlined RCM.
- Send data regarding mineral exports regularly to the ICGLR Mineral Database.

# 1.0 INTRODUCTION

This report evaluates the Regional Certification Mechanism (RCM) of the International Conference of the Great Lakes (ICGLR), and makes recommendations to improve the effectiveness, cost and credibility of the RCM. The report is intended to complement and build upon previous and current assessments of the ICGLR Natural Resource Technical Unit and the RCM in particular the Independent Evaluation of the Financial and Administrative costs of the RCM (funded by GIZ). The report was funded by USAID through the Capacity Building and Responsible Mineral Trade (CBRMT) program implemented by TetraTech/ARD.

The RCM is one of the six tools of the ICGLR's Regional Initiative Against the Illegal Exploitation of Natural Resources (RINR). The RCM itself is broken down into the following elements: (1) mine site inspection and certification; (2) chain of custody (CoC) tracking; (3) export and certification; (4) Mineral Tracking Database; (5) Third Party Audits and (6) the Independent Mineral Chain Auditor or IMCA.

The primary focus of this report is an evaluation of the first three elements, namely RCM mine site certification, chain of custody (CoC) tracking and export/certification. To the extent to which it has been possible, the report also evaluates mineral tracking database, independent third party audits, and the Independent Mineral Chain Auditor (IMCA).

For each element of the RCM, the report first provides an overview as currently defined in the RCM, followed by how the element is implemented in practice based on extensive interviews, literature reviews and field work. The section concludes with a set of practical recommendations to improve the efficiency, effectiveness and credibility of each RCM element.

The report is intended as a practical aid to the ICGLR's Secretariat, Steering Committee and Auditing Committee in their implementation of the RCM and the other five RINR tools in response to changing circumstances in order to enhance implementation, improve effectiveness, boost credibility and minimize associated costs.

## 1.1 THE CONTEXT - CONFLICT FUNDING AND LIVELIHOODS

The original motivation for the RINR (and the RCM) was to stop the illegal exploitation of natural resources and demilitarize artisanal mineral production in eastern DRC. As is stated in the preamble to the RCM certification manual:

The purpose of the ICGLR Mineral Tracking and Certification Scheme is to provide for sustainable conflict-free mineral chains in and between Member States of the International Conference of the Great Lakes Region with a view to eliminating support to armed groups that sustain or prolong conflict, and/or otherwise engage in serious human rights abuses. The standards and procedures described herein are intended to prevent non-state armed groups and public or private security forces from interfering illegally at any point along the supply chain or committing serious human rights abuses related to the supply chains of minerals.<sup>1</sup>

In seeking to achieve these objectives, the RCM faces three significant structural challenges:

---

<sup>1</sup> RCM Certification Manual 2011. P5.

1. *Robustness versus sustainability:* The RCM needs to balance robustness with sustainability and practicality. It must be robust enough to be internationally credible in its capacity to mitigate the risks of conflict funding and human rights abuses. Yet there is also the risk that the very robustness of the RCM will render it not only financially unsustainable, but also unable to be implemented given the complex and evolving operational environment. This in turn would increase the likelihood that end users stop sourcing from the region which will negatively impact the livelihoods of miners, traders and exporters, and government tax receipts. A less robust system that is less expensive, on the other hand, may prove too weak sufficiently to mitigate the risks of conflict funding and human rights abuses. This is particularly true in the gold sector, where stakeholders are currently attempting to develop viable pilot projects for ASM gold in the DRC that conform not only with the OECD DDG, but also the translation of the OECD DDG into the auditing criteria of the LBMA and DMCC. If the costs of these pilot projects prove too expensive to implement, DRC ASM gold supply chains are likely to remain unrecorded and illegal, and a continued source of conflict financing.
2. *The policy implementation gap:* There is a significant gap between RCM policy and implementation. Capacity building is an important part of narrowing this gap. At the same time, however, capacity building cannot in itself resolve the tension between robustness and sustainability in the RCM.
3. *Conflict funding and smuggling:* The RCM is intended to reduce the funding of conflict from the trade within the ICGLR of 3TG, and also to reduce the smuggling within the region of these minerals. Ironically, however, where the DRC's neighbors are able to implement the RCM more cheaply than in the DRC, this enables mineral exporters in those countries to offer better prices to miners and traders than DRC-based exporters can, which has the unintended consequence of increasing the incentive to smuggle these minerals from the DRC.

Before evaluating each element of the RCM, it is important first to evaluate whether the RCM is capable of delivering on its core goal, namely stopping the illegal exploitation of natural resources and demilitarizing mineral production in the east of the DRC. Useful evidence of the extent to which this goal is being achieved was provided by IPIS, an Antwerp-based research group, in the work it has conducted into the presence of military and non-state armed groups on artisanal mine sites in eastern DRC between 2010 and 2015.

Encouragingly, IPIS states much has been achieved in demilitarizing Congolese production of the 3Ts between 2010 and 2015. Little to nothing has been achieved, however, in breaking the links between artisanal gold and conflict financing. IPIS has provided strong evidence that conflict funding from artisanal gold mining and the militarization of mine sites remains largely unchanged.<sup>2</sup>

For example, IPIS research during 2014-15 found that in the 1088 mines its researchers visited, 80% of the artisanal miners mined gold, and 20% mine 3Ts. 57% of these artisanal gold miners work in mines with an armed group presence, compared to just 26% of 3Ts miners.<sup>3</sup> These findings suggest that

---

<sup>2</sup> IPIS : [http://ipisresearch.be/wp-content/uploads/2014/04/20141031-Promines\\_analysis.pdf](http://ipisresearch.be/wp-content/uploads/2014/04/20141031-Promines_analysis.pdf) (Accessed 14/09/15)

IPIS, *Mineral supply chains and conflict links in eastern DRC: 5 years on*, IPIS, 2015

<sup>3</sup> IPIS <http://ipisresearch.be/2015/01/infographic-mapping-security-human-rights-mining-areas-eastern-drc/> (Accessed 14/09/2015)

approximately ten times more Congolese artisanal gold miners work in mines providing conflict financing than do Congolese artisanal 3Ts miners.

IPIS was also able to demonstrate the importance of artisanal gold mining to rural livelihoods, with at least 176,000 artisanal gold miners in eastern DRC earning an average of around US\$100 per month each from their work. Because, however, the situation on each mine is very different, it is not possible to calculate a precise figure for how much illegal rent armed groups and the FARDC are extracting from these miners. The overall figure, however, is clearly high. For instance, IPIS has shown that Raia Mutomboki typically taxes local government services 20% of their tax income.<sup>4</sup>

Research conducted for the OECD during 2014-15 indicated that taxes levied by armed groups and the FARDC on 3TG and gold supply chains range between 1-10% of the traded value of 3TG from sites on which there is an armed presence. This would therefore suggest the likely possible range for 'conflict funding' is US\$2-20 million for Congolese artisanal gold annually, and a mere US\$200,000-2 million annually for 3Ts for the sites visited during 2014-15 by IPIS. More recent data confirming the severity of gold in conflict can be found in the May 2016 UN Group of Experts Report.

These estimates not only demonstrate that gold is currently a much larger source of funding for armed groups and the FARDC than the 3Ts, but also act as a caution to those who have downplayed this source of finance for armed groups, on the grounds that armed groups tax whatever there is to tax in the local economy.<sup>5</sup> While it is true that there are numerous other sources of illegal taxation in eastern DRC, including the trade in charcoal and fish, cross-border trade and taxes imposed on local markets, this does not alter the fact that the trade in gold in particular remains one of the most lucrative and financially liquid parts of the rural economy that is taxed by armed groups and the FARDC. Addressing the continuing significant role in conflict financing of artisanal gold is integral to the RCM's implementation going forward, if the system is ever to deliver on its primary goal.

A major challenge to achieving this, however, is the relatively high prices that Congolese artisanal gold miners and *negociants* continue to receive via the illegal networks that link the DRC to Uganda and elsewhere in the region, which significantly undermines the RCM and ongoing attempts to establish legal supply chains for Congolese artisanal gold. Even if, as has been advocated by many, Congolese gold taxes were lowered substantially, a regional approach is needed focused on enforcing the RCM and bolstering cross-border customs enforcement and cooperation in order to break the entrenched illegal networks and profits that currently exist.

---

<sup>4</sup> IPIS <http://ipisresearch.be/2015/01/infographic-mapping-security-human-rights-mining-areas-eastern-drc/> (Accessed 14/09/2015) p.17.

<sup>5</sup> Ben Radley and Christoph Vogel, *Fighting windmills in Eastern Congo? The ambiguous impact of the 'conflict minerals' movement*, The Extractive Industries and Society, 2015. Enrico Carisch *et al*, *Congo's Golden Web: The People, Companies and Countries that Profit from the Illegal Trade in Congolese Gold*, SARW, Johannesburg, 2014

# 2.0 RCM INSTITUTIONAL ARCHITECTURE AND THE SIX TOOLS OF THE RINR

In September 2006 the Member States of the ICGLR signed a Protocol on the Fight against the Regional Exploitation of Natural Resources.<sup>6</sup> This provided the legal basis for the Regional Initiative Against the Illegal Exploitation of Natural Resources (RINR).<sup>7</sup> In December 2010 the Lusaka Declaration of the ICGLR Special Summit to Fight Illegal Exploitation of Natural Resources defined and approved six tools for Member States to develop and implement. The ICGLR has defined the tools as follows:<sup>8</sup>

The Six Tools:

*I. Tool I: Regional Certification Mechanism*

*Being the core tool of the Initiative, the Regional Certification Mechanism implies the tracking of the chain of custody of four selected natural resources, namely cassiterite, wolframite, coltan and gold. These minerals were selected due to their conflict-proneness. The Regional Certification Mechanism will ensure that neither mine site nor channels of trade within the country as well the region are in predatory control of armed groups or criminal networks. The mechanism is to be supervised by an independent mineral chain auditor.*

*II. Tool II: Harmonization of National Legislations*

*As prescribed in the Protocol §22, the legal provisions of the Protocol are to be domesticated by the ICGLR Member States into their national legislation. Additionally, the harmonization approach comprises the identification of key differences between legal frameworks governing the mineral sector in the different Member States. The Initiative facilitated this process by consulting its Member States and drafting a model law, which will accelerate the process of domestication.*

*III. Tool III: Regional Database on Mineral Flows*

*This tool foresees the establishment of a regional database on the production and trade with selected primary commodities in the Great Lakes Region. The availability and disclosure of this data will allow for the depiction of regional trade patterns and is also aimed at building trust among the Member States. In order to achieve these objectives the Initiative intends to expand the prototype of the database which is currently being tested, to build human capacities for data*

---

<sup>6</sup> <http://www.icglr.org/index.php/en/protocols> (Accessed 16/09/2015)

<sup>7</sup> <http://www.icglr.org/index.php/en/natural-resources> (Accessed 16/09/2015)

<sup>8</sup> <http://www.icglr.org/index.php/en/six-tools> (Accessed 16/09/2015)

compilation on a national level and to assess the available data. The regional database is hosted at the ICGLR Secretariat in Bujumbura, Burundi.

#### IV. Tool IV: Formalization

The objective of this tool is to encourage the transformation of the artisanal mining to improve taxation systems, provision of extension services and capacity building. It aims at improving regulations, particularly in terms of simplifying registration and accounting requirements and increasing productivity.

Effective formalization will increase transparency and thereby help reduce fraud. This applies to extraction, processing and trading within the Member States. Further activities will include capacity building in the respective ministries and agencies of Member States and the setting up of the required infrastructure for pilot tracking of mineral supply chains.

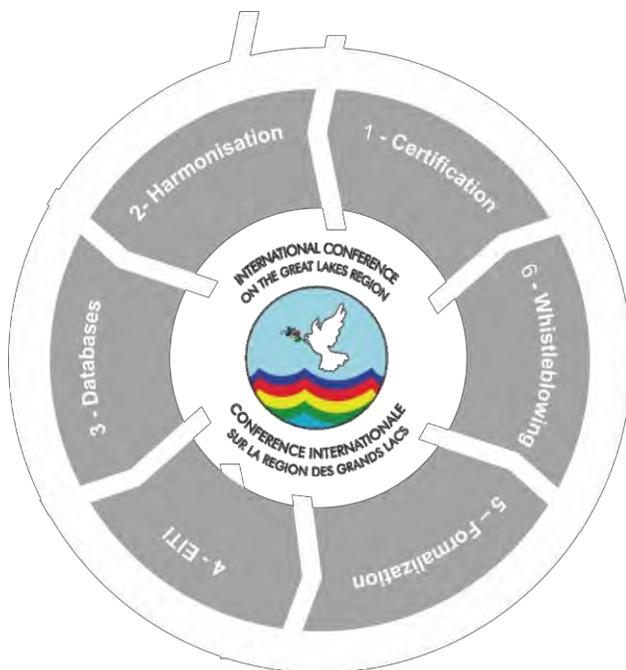
#### V. Tool V: EITI Peer Learning Mechanism

During the last few years the number of ICGLR Member States endorsing the standards of the Extractive Industries Transparency Initiative (EITI) has been constantly increasing and several more Member States have signaled their intent to implement the EITI. As the experience of more advanced countries is very valuable to newcomers the ICGLR is a suitable forum for the facilitation of a peer learning mechanism.

Additionally, it is envisaged that mineral volumes, represented by financial revenues recorded by EITI, are balanced with the physical mineral volumes traded, recorded by the ICGLR Regional Database. The ICGLR also calls upon the EITI for the extension of the initiative to cover small scale mining in the informal sector.

#### VI. Tool VI: Whistle-blowing Mechanism

The implementation of a whistle-blowing mechanism aims at capitalizing on the knowledge of individuals witnessing or participating in illicit mineral activities. A web-based platform will provide a possibility to anonymously report such confidential information which would then be followed up by an independent mineral chain auditor (refer to Tool I: Regional Certification Mechanism).



**Figure 1: 6 Tools of the RINR**

Source: <http://www.icglr.org/index.php/en/six-tools>

The RCM, widely considered the most important tool in the RINR, consists of:

- mine site and mineral export certification criteria;
- traceability and chain of custody requirements;
- third party auditing;
- Independent Mineral Chain Auditor (IMCA).

The documents that define the RCM can be evaluated for internal coherence, and we have done so in this report. What we have not done, however, is to evaluate the RCM according to its capacity (or the lack of it) to resolve the many tensions, conflicts and complexities that characterize the 3TG economy of ICGLR member states. No initiative, such as the RCM, can of itself change the empirical circumstances that have generated and continue to generate these tensions, conflicts and complexities. At best, we submit, the RCM can aspire to diminishing the level of illegal mineral exploitation among ICGLR member states, and to reducing the funding of armed groups and criminal networks within the armed forces from the trade in 3TG, while avoiding as far as possible the attendant risks to the livelihoods that depend on that trade.

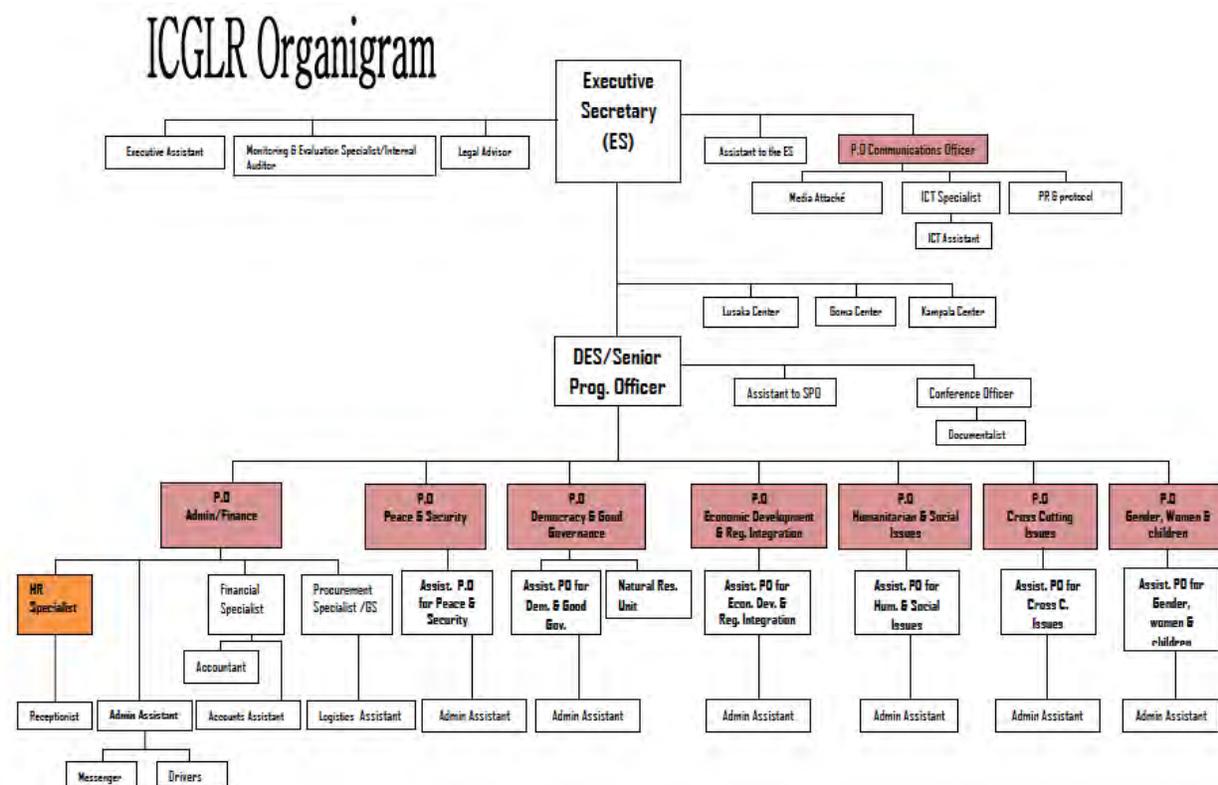
As has often been noted, the institutional architecture of the RCM is complex, and at times ambiguous. A key reason for this ambiguity is the contradiction that exists between ICGLR member states' insistence that they exercise sovereignty in natural resource governance, and the lack of downstream confidence in the capacity of the government agents of member states to meet the standards and criteria for certification, traceability and third party auditing that are set out in the appendix of the RCM. Those standards provide the basis for the issue of ICGLR export certificates and are meant to satisfy the downstream that 3TG supply chains from ICGLR states meet the requirements of the OECD DDG. As a result of this contradiction, the issue of which institutions are responsible for implementation is unclear in the RCM's institutional architecture. State authorities issue certificates, but the inspections necessary for certification, the design and implementation of traceability systems and the oversight of third party auditing are left to *non-state* parties to implement.

This blurring of the line between state and private sector responsibilities in the RCM can be seen most clearly in the domination of the traceability system for 3Ts by the private sector entity iTSCi, which was developed by the tin trade association ITRI. As a result, the issuing of export certificates by ICGLR member states for 3Ts is currently wholly dependent on iTSCi.

This lack of clarity is also evident in the first of element in the RCM - mine-site inspection and certification – which has not been carried out in the DRC by government agents alone but instead by a *groupe conjointe*, with a mixture of government, private sector, donor and civil society members.

The contradiction between the demands of ICGLR member states for state sovereignty in natural resource governance, NGO demands for independent third party oversight, and the downstream requirement for conformity with the OECD DDG and DF cannot be resolved merely through technical improvements to the design of the RCM. Instead, the contradiction will need to be resolved, or failing that managed through a negotiated compromise between stakeholders.

## 2.1 ICGLR ORGANIZATIONAL STRUCTURE



Key ICGLR RCM institutions include:

- RINR Steering Committee (SCOM).** Comprising of ‘technical experts from all ICGLR Member States’.<sup>9</sup> The member states’ representatives typically come from mining ministries. SCOM also includes representatives from the ICGLR Secretariat and observers from the donor community. SCOM is responsible for i) the general supervision of the RCM ii) establishing the Audit Committee and organizing elections in Member States for the election of member state representatives on the audit committee to insure it is representative of stakeholders and independent iii) establishing and recruiting for the IMCA according to RCM manual standards. SCOM recommendations are considered before being approved by the ICGLR regional meeting of ministers. This is the body that would be responsible for any decisions regarding the streamlining and development of the RCM. ‘The steering committee ... has the authority to modify the standards of the ICGLR certificates’.<sup>10</sup>
- National Coordinators.** These are diplomatic representatives from each member state,<sup>11</sup> who must also supervise the separate election of civil society and industry representatives from their states to the ICGLR Audit Committee.

<sup>9</sup> <http://www.icglr.org/index.php/en/rinr> (Accessed 01/10/2015)

<sup>10</sup> RCM Certification Manual 2011 p. 66

<sup>11</sup> <http://www.icglr.org/index.php/en/national-coordinations> (Accessed 01/10/2015) for a full list of the national coordinators.

- **Executive Secretary** of the ICGLR - Among his many other duties, the Executive Secretary is responsible for appointing the IMCA, and directly receives reports from the IMCA.
- **Deputy Executive Secretary** - Vincente Muanda supports the Executive Secretary and serves as his proxy when needed.
- **ICGLR Secretariat** - The coordinating body of the ICGLR.
- **Democracy and Good Governance Unit.** The RCM falls under the Democracy and Governance Program's Natural Resource Technical Unit, which means the officer responsible for this program is responsible for the day-to day implementation of the RCM. Members of technical unit answer to the program officer who in turn answers to the Secretariat and the Deputy Executive Secretary and Executive Secretary. The program officer is recruited and appointed by the ICGLR secretariat.
- **Natural Resources Unit.**
  - **Technical Unit.** The technical unit is responsible for the technical implementation of the RCM. As part of the secretariat it answers to the Democracy and Good Governance Program Officer.
  - **Audit Committee.** The audit committee is independent of the Secretariat. It is comprised of representatives of i) Member States, ii) elected representatives of regional industry and international industry and observers and iii) civil society both local and international. The committee is responsible for accrediting third party auditors, commissioning and evaluating the conformity of third party audits with RCM audit standards, and developing audit and certification standards.

How well these institutions function is partly the product of the design of the institutional architecture, but also of the youth of the ICGLR itself, the high extent of the ICGLR's dependence on donor funding (with the attendant issues of the unclear extent of member state 'ownership' of its work), and the skills and capacities of the ICGLR's staff.

Building these capacities, particularly of the audit committee, to implement the RCM, requires first a streamlining of the RCM, and then consideration of a redesign of the institutional architecture. Any additional reform to the institutional architecture would however require a clear delineation of responsibilities between the ICGLR Audit Committee and the Secretariat.

# 3.0 RCM MINE SITE CERTIFICATION

## 3.1 RCM MINE SITE CERTIFICATION

*Each Member State shall: 3.2 designate a lead government agency that will be responsible for the process of Mine Site Inspection and Certification.*

*3.5 Physically inspect each mine site, before the first ICGLR Certificate can be issued for minerals originating from that site, and no less than once per year afterwards. Under the ICGLR Scheme, mine sites are inspected annually by a government mines inspector.<sup>13</sup>*

*Mine Site Inspection: A mine site inspection is an examination of a mine site and determination of its conformity with the requirements of the ICGLR mine site standard. A mine site inspection can be carried out separately by a Member State Government or by an ICGLR Third Party Auditor as part of an exporter's chain-of-custody audit.<sup>14</sup>*

The RCM's status criteria for certification purposes are drawn in part from the OECD DDG. There are three categories:

- Certified (Green Flagged) – mine meets all standards (i.e. no conflict, no child labor); mine can produce minerals for certified export.
- Yellow Flagged – infractions of one or more important criteria; Mine operator has (6) months to resolve situation; Mine can produce minerals for certified export.
- Un-certified (Red-Flagged) – grave infractions of one or more critical criteria; mine is prohibited from producing minerals for a minimum of six months; mine remains Red Flagged until a further inspection shows infractions to have been resolved.

## 3.2 MINE SITE CERTIFICATION IN PRACTICE

In Rwanda, RCM certification is carried out by the GMD alone, which has been criticized by many because of its apparent lack of independent third party oversight. In the DRC, by contrast, what is called 'validation' has been carried out by *missions conjointes*, with a mixture of 10 stakeholders, including MONUSCO, BGR, IOM, iTSCi/PACT, BSP, provincial mines authorities, the FEC and civil society. According to stakeholders, only a mixed group, rather than DRC government agents alone, can deliver certification that is credible to downstream stakeholders. However the size of this group has proved costly, logistically unwieldy and has delayed the speed at which validation has proceeded. It is an example of the tension between credibility and sustainability. All stakeholders interviewed in the DRC for this study thought the size of the *missions conjointes* should be reduced.

In addition to due diligence requirements relating to conflict-financing, the worst forms of child labor, widespread sexual violence, bribery and fraud which are drawn from the OECD DDG (see Annex II), other

---

<sup>13</sup> Nov. 2011. *ICGLR Regional Certification Mechanism (RCM) Certification Manual*. P 20

<sup>14</sup> *ibid* p. 12

regulatory requirements associated with health and safety, and environmental, social and developmental impacts have been included in the RCM as ‘progress criteria’, and as ‘status criteria’ for LSM in the DRC.

The drafting of the RCM manual in 2010/2011 was based on an amalgamation of the German Federal Institute for Geosciences and Natural Resources (BGR) Certified Trading Chains (CTC) program and the OECD’s Due Diligence Guidance. This combination may have suited Rwandan circumstances, but is far less suited to the circumstances in Eastern DRC where 3TG supply chains are orders of magnitude more complex, and state capacity far more limited.

In BGR’s 2013 Rwanda report, Philip Schütte wrote:

The CTC concept was developed in 2007-2008. This was before the OECD Due Diligence Guidance had been developed as a reference document for supply chain due diligence management in conflict-affected and high-risk areas, and prior to intensified discussions on the conflict mineral provisions of the US Dodd-Frank Act, both taking place mostly in 2010-2011 and directly affecting Rwanda as well as the DRC and its other neighboring states. As a result, in 2010-2011, German International Cooperation (GIZ) and Partnership Africa-Canada (PAC) supported the International Conference on the Great Lakes Region (ICGLR) to develop a specific certification scheme, the Regional Certification Mechanism (RCM), which was adopted by the ICGLR in late 2011. Due to its later inception, the RCM was able to fully incorporate the OECD supply chain due diligence reference framework... adherence to RCM standards aids companies to demonstrate they comply with international due diligence expectations (e.g., managing conflict risks, the worst forms of child labor, and chain of custody tracking), whereas participation in CTC allows companies to go beyond pure supply chain due diligence as a market access requirement and demonstrate responsible mining practice (e.g., work safety, fair prices, gender aspects, community engagement, environmental management).<sup>15</sup>

Though the RCM may, as Schütte puts it, have been ‘able to fully incorporate the OECD ... framework’, in practice this amalgamation of two different systems with different methodologies has generated considerable complications within the RCM, and left it in need of streamlining.

There are four key differences between the OECD DDG and the CTC:

- **State and Market.** The CTC was developed as a means for state oversight of certification. It is state and donor-funded. Implementation of the OECD DDG, by contrast, is the responsibility of private sector stakeholders.<sup>16</sup> The OECD DDG do not require state implementation.
- **Certification Criteria and Risk assessment.** The CTC provides a set of criteria to be checked and certified, whereas the OECD DDG comprises five steps for companies to undertake in order to manage and mitigate risks: establishing risk assessment capacity; undertaking risk assessment; implementing risk mitigation strategies; third party auditing; and reporting.
- **Points and Flags.** The CTC uses a points system to measure the extent of adherence or divergence from the certification criteria. A cumulative numerical threshold determines whether a mine and supply chain can be certified. By contrast, the OECD DDG is based on developing private sector company capacity to conduct effective due diligence and to implement risk mitigation strategies. Red flags are elements which trigger the application of the OECD DDG in order to conform to OECD DDG Annex II risks, while third party auditing ensures continued

---

<sup>15</sup> <http://www.slideshare.net/EICCoalition/bgr-work-in-rwanda-2008-2013-reformat> "CFSI Workshop 12: Pre-read: BGR Work in Rwanda, 2008-2013"

<sup>16</sup> Though this distinction is a matter of emphasis the OECD DD aim to describe how companies, rather than governments, at every level along the supply chain can exercise due diligence. There are many industry and some government initiatives supporting companies in operationalizing the OECD DDG.

credibility.

- **Broad and narrow.** CTC covers a broad range of issues, whereas the OECD DDG is restricted to a much more limited set of risk criteria.

Also important to note is that the OECD DDG lists a number of red flags which companies should be aware of to determine if enhanced due diligence is needed:

#### **Red flag locations**

- ✓ The minerals originate from or have been transported via a conflict-affected or high-risk area
- ✓ The minerals are claimed to originate from a country with limited reserves of such a mineral
- ✓ The minerals are claimed to originate from a country in which minerals from conflict-affected and high-risk areas are known to transit

#### **Red flag suppliers**

- ✓ The company's suppliers or other upstream companies have shareholders in companies that supply minerals or operate in red flag locations
- ✓ The company's suppliers or other upstream companies have shareholders in companies that supply minerals or operate in red flag locations

#### **Red flag circumstances**

- ✓ Anomalies or unusual circumstances are identified through Step 1 data collection which give rise to a reasonable suspicion that mineral may contribute to conflict or serious human rights abuses.

In summary, the OECD Due Diligence Guidance is intended to provide a model for the implementation of due diligence by the *private sector*. In contrast, the CTC provides a model for *state and donor-funded projects* implementing certification schemes, primarily by BGR. The blending of the two models in the RCM has resulted in an unwieldy manual that confuses private and public sector responsibilities. It also means the forms used for certification are complicated and unclear.

### **3.3 MINE SITE CERTIFICATION RECOMMENDATIONS**

The RCM mine site certification should be streamlined by aligning with the Annex II risks listed in OECD DDG and shifting *progress criteria* (related to health and safety, environmental, social and developmental impacts) to the RINR formalization tool, which is the responsibility of member states as part of their broader strategies to formalize ASM. This is a recommendation that most state, private sector and NGO stakeholders who were interviewed for this study said they would welcome.

The proposed changes would, we believe:

- Simplify the RCM to focus the certification/validation process on the most significant concerns including conflict funding and the risks outlined in Annex II of the OECD DD. These have the most direct impact on downstream market acceptance and form the primary objective in the Lusaka agreement;
- Harmonize the RCM more closely with the OECD DDG and DFA;
- Align RCM policy with the limits of implementation capacity in member states, and with donor funding for capacity building;

- Ensure mine site validations by the *groupe conjointe* in Eastern DRC conform to the RCM.<sup>17</sup>

It may be argued that progress criteria such as health and safety, and environmental, social and developmental impacts should remain within the RCM's remit since they are important issues that can impact on downstream market acceptance. We believe, however, that the advantages of this are outweighed by the negative consequences of leaving responsibility for these issues solely within the RCM.

Potential negative consequences of leaving progress criteria within the RCM are:

- Setting higher standards for ASM from the ICGLR than apply to the rest of Africa, or indeed the world, reducing the competitiveness of ICGLR mineral production;
- Regulatory over-reach, since the requirements are unrelated to member states' actual capacity to finance and implement them, which generates a further risk of negative unintended consequences for the livelihoods of artisanal miners;
- The primary focus of the ICGLR's RINR on conflict financing is weakened.<sup>18</sup>

### 3.4 MINE SITE INSPECTION CRITERIA

Mine site inspection means conducting an examination of a mine site and determining its conformity with the requirements of the relevant RCM mine site standards. Mine site inspections can be carried out by agents of a member state Government, or by an ICGLR-accredited Third Party Auditor as part of an exporter's chain of custody audit.

*3.5 During the inspection, the Member State Government or its designated agent shall assess the mine site and surrounding area and determine whether the mine site is Certified (Green Flagged), Un-certified (Red Flagged), or Yellow Flagged. The criteria and methodology by which a mine site must be evaluated is given in Appendix 3b (Standards and Procedures for Inspecting and Certifying Mine Sites).*

*3.6 Immediately declare Un-certified (Red Flagged) any mine site where a mine site inspection carried out as part of a Member State government inspection shows a Red Flag, or where an inspection carried out by an accredited ICGLR Third Party Auditor as part of a Third Party Audit shows a Red Flag, or where a Report from the ICGLR Mineral Chain Auditor shows a Red Flag.*

*3.6.1 Once a mine site has been declared Un-certified (Red Flagged), the Member State government shall maintain its status as Un-Certified for a minimum of six months.<sup>19</sup>*

Some stakeholders have argued for incorporating the inspection criteria of the CTC into the RCM so that it will remain relevant, once conflict funding ceases to be a major issue affecting artisanal mining in ICGLR member states, and the agenda shifts to broader developmental and environmental impacts. However, the resulting broad mandate for the RCM generates significant extra costs for ICGLR governments, and the private sector, while exacerbating existing capacity constraints in implementing the RCM.

---

<sup>17</sup> The contrast between the one-page template used by the *Groupe Conjointe* and the 32 page template or *fiche* that has been developed for RCM validation in the DRC is striking.

<sup>18</sup> First set out in the ICGLR Regional Initiative Against the Illegal Exploitation of Natural Resources September 2006. [http://www.icglr.org/images/LastPDF/Project\\_2-2-2-Regional\\_Initiative\\_against\\_Illegal\\_Exploitation\\_of\\_Natural\\_Resources.pdf](http://www.icglr.org/images/LastPDF/Project_2-2-2-Regional_Initiative_against_Illegal_Exploitation_of_Natural_Resources.pdf)

<sup>19</sup> RCM Manual: p21

Another argument to support this view is that ‘conflict funding’ should not be addressed in isolation to the other certification issues that CTC addresses. Yet it remains unclear how these linkages can be maintained in practice given the capacity of ICGLR member states to address even the risks covered under Annex II of the OECD DDG. Moreover, the causal links between unregulated artisanal mining and conflict are not direct. There is artisanal mining all over the DRC, but most of the country does not suffer the kind of conflict that afflicts the eastern portion of the country.

Thirdly, there is a strong case for the contention that the CTC elements of the RCM are uniquely suited to Rwanda, but far less so to other ICGLR member states. The piloting and development of the CTC was initially piloted and developed in Rwanda. A 2011 BGR report on the piloting of CTC in Rwanda makes it clear that circumstances specific to Rwanda made the CTC concept particularly appropriate there. This was because of Rwanda’s conflict-free status, the country’s relatively high standards of governance, and due to significant support from the Rwandan government for the development of both a certification system (CTC), and a traceability and due diligence system. There was a strong case, then, for the implementation of the CTC in Rwanda. In eastern DRC, by contrast, there are many armed groups, state capacity to implement the CTC is far weaker, and the state’s incentives for doing so are less obvious.

In addition, CTC criteria that are not ‘status criteria’ are designated as ‘progress criteria’ and a different point system, drawn from the CTC, is used to describe the level of conformity with the criteria. For each of these criteria, distinctions are currently made by the RCM between how they apply to LSM and ASM.

In the Appendices to the RCM certification manual, the distinction between ‘status’ and ‘progress’ criteria are defined as follows:

#### **Status Criteria and Progress Criteria**

7. The criteria by which a mine site is evaluated fall into two different categories: Status (Red, Yellow and Green Flag) Criteria and Progress Criteria:

7.1. Red Flag criteria: these are criteria where full and immediate compliance is considered critical to the credibility and functioning of the system.

7.2. Yellow Flag criteria: these are criteria where full compliance is still considered central to the credibility and functioning of the system, but where a short grace period is permitted to correct the non-compliance.

7.3. PROGRESS criteria: these are criteria which are important to the credibility of the system and the social legitimacy of the minerals, and **should** show continuous progress over time.<sup>20</sup> (our emphasis).

We draw attention to the word ‘should’, rather than ‘must’, in the definition of the demands on mine operators relating to progress criteria in 7.3. In the subsequent article 12 of the appendices it appears, by contrast, that scoring a certain level in progress criteria is NOT an optional element of RCM certification but is instead a ‘Minimum Progress Criteria Score’, which is a mandatory requirement for certification.

#### **Scoring for Progress Criteria**

12. For Progress Criteria, a Mine Site’s score is measured as the cumulative total of the Mine Site’s individual score for each Progress criterion.

---

<sup>20</sup> RCM manual p.9.

13. The Minimum Progress Criteria Score is set at:

13.1. An overall average of 2.5 (i.e. the cumulative total score for all criteria divided by the number of criteria is greater or equal to 2.5).

13.2. No single criterion scores a “0” or a “1”

14. The ICGLR Audit Committee shall consider and revise the Minimum Progress Criteria Score on a yearly basis, or as required at its discretion.<sup>21</sup>

There is an apparent contradiction here within the RCM itself between this and the previous statement in the RCM that inspections for Progress Criteria cannot cause a mine site to lose its Certification status.<sup>22</sup>

In practice, progress criteria have been included in the forms that government officials use for certification (particularly in the DRC), often in a way that is both unclear and complex. Numerous stakeholders in the DRC have expressed the hope that these forms can be improved. For this reason, we recommend that progress criteria and any other non-OECD DDG criteria are shifted out of the RCM, and instead made part of the formalization agenda, or the responsibility of member states and not the ICGLR in the process.

The two forms upon which validation (DRC) and certification (Rwanda) are to be carried out are currently a complicated and confusing mix of the limited ‘status criteria’ of the OECD DDG guidelines for which red, yellow and green flags are used, and the broader ‘progress criteria’ of the CTC certification criteria for which the numerical point scoring system is used.<sup>23</sup> Adding to the confusion, thus far mines in the DRC have not been ‘certified’ by government officials using the RCM *fiche* but have instead been ‘validated’ by *Groupes Conjointes* who have used a different and far simpler form.<sup>24</sup>

Combined, the RCM manual and appendices total 155 pages. The form alone, or *fiche* as it is called in the DRC, is 33 pages. It is thus unsurprising that the *fiche* is so complicated, since it tries to compress the definitions and systems that take 155 pages to describe into 33 pages. The amalgamation of the OECD DDG and CTC frameworks is complex enough, but the *fiche* in its current incarnation makes implementation of certification even more complex for government agents.

The complexities and confusions in the *fiche* include:

- A lack of clarity about which criteria apply to ASM and which to LSM;
- Lack of clarity regarding an appeals procedure for producers and exporters that are yellow or red flagged by RCM validation or certification missions
- Important qualifications to status criteria are buried in small print at the back of the form among the progress criteria;
- The distinction between status and progress criteria has not been placed up front at the beginning of the *fiche*;
- The criteria for ranking progress criteria are absent;
- Flag criteria, (criteria 8,13,14 & 15) are mixed with the non-flag (criteria 1 to 18).
- LSM is red flagged for non-conformity with DRC laws and mining legislation regarding mining title (14.1), the environment (19.4) and relations with the community (20.4). Remarkably,

---

<sup>21</sup> Ibid. p.10.

<sup>22</sup> Ibid. p7.

<sup>23</sup> See appendices 1 for the DRC *fiche* and the Rwandan form.

<sup>24</sup> See appendices 2 for the form used by the *Groupe Conjointe*.

however, there are no numbers 19 and 20 in the form. Additionally, these criteria are not part of the OECD DDG and are not red flag issues in the RCM.

Finally, the RCM's status criteria for the inspection of ASM sites can be found in the appendices of the RCM manual pages 12-13, and are mostly drawn from the OECD DDG, including Annex II.

1. *The illegal control of mine sites and extortion from mineral supply chains by non-state armed groups (red flag) or State Security Services (Yellow),*
2. *Worst Forms of Child Labor (as defined by ILO Convention 182 and MS legislation) or Forced Labor (Red Flag)*
3. *Formality and Transparency: Payments to illegal or otherwise prescribed groups and Contamination from Uncertified sources. The document leaves open the possibility that MS may wish to make environmental and developmental impacts red flag issues.*

### 3.4.1 RWANDA

Rwanda was the first ICGLR member state to implement the RCM, with the support of GiZ and BGR, beginning in 2011. Mine sites are certified by GMD agents, who are also responsible for overseeing iTSCi. Rwanda domesticated the ICGLR RCM model law in 2012.<sup>25</sup>

According to ITRI, only large and easily accessible sites in Rwanda have been certified, and numerous uncertified sites produce minerals for export without ICGLR certificates. ITRI has additionally pointed out that the CFSP has not made ICGLR certification a requirement, and claimed that as a result, ICGLR certificates have little influence on market access and that the previous certificates of origin were adequate as far as state certification went. ITRI director Kay Nimmo said she considered that as a result, ICGLR certificates were an unnecessary expense for ICGLR governments.

Certification by the GMD is independent of the base line assessments and audits conducted by iTSCi. According to several senior industry sources, the quality of the GMD's certification requires independent assessment, particularly since certification is at times outsourced to local consultants of unverified capacities. We were not able for this report, however, to evaluate the quality of GMD certification missions. As such, we recommend an independent assessment of GMD's certification process by the IMCA.

### 3.4.2 UGANDA

At the time of writing, the Ugandan government was fast-tracking implementation of the RCM, and was in the process of domesticating the ICGLR model law and passing it through the national parliament. The Ugandan government's Department of Geological Survey and Mines (DGSM) has been building government capacity for mine site certification with the support of Partnership Africa Canada (PAC). The DGSM and PAC and have been developing a new template for government mine site certification that is RCM-compliant. We recommend that this template be finalized according to our recommendations listed at the end of this report about bringing of the RCM into improved conformity with the OECD DDG.

---

<sup>25</sup> ICGLR Model Law: Prevention and Suppression of the Illegal Exploitation of Minerals in the GLR. Rwandan Law. No. 002/2012/Minerena of 28/03/2012 on the RCM for Minerals.

So far, pilot certification has been conducted at three mine sites: an ASM tin mine Nyamulairo in Mwerasandu province owned by Jimmy Katumba, formerly of Zarnack Holdings; Nyamuliro, an SSM wolfram mine with the lease held by Krone (u) Ltd. (Krone); and Kikagati, a tin mine owned by African Panther. ITSCi is providing traceability and due diligence services with the involvement of PACT for African Panther. According to the manager and Chief Mines Inspector, the pilot certification exercises have gone well. This trialing of the new Ugandan certification will act as a prelude to the issuing the first ICGLR RCM-conforming mine site certificates. The government intends to have the first certificate issued in May 2016. DGSM has 12 inspectors at present, in comparison to Rwanda's 130 GMD inspectors.

According to Ugandan mining sources, national export figures are unlikely to reflect existing production capacity for 3TG, since production at several significant artisanal mining sites is currently unrecorded. There is also an ongoing discussion within the Ugandan government about the budget required for RCM certification. Initially, the plan called for 12 existing DGSM inspectors to focus on the eight largest and most productive ASM and SSM 3T sites, and to have this first phase completed by May 2016. While this number of inspectors may be enough for the 3T ASM sector, it is likely insufficient for gold.

### 3.4.3 DRC

In the DRC, RCM certification is called validation, and we have accordingly used this term throughout this report when referring to the DRC. However, we recommend that this confusion should be rectified and the same word used for certification throughout the ICGLR.

The main challenges for validation in the DRC have been:

- The composition and size of the *groupe conjointes*, which have created logistical problems;
- The difficult geography, poor infrastructure and security issues in Eastern DRC, which have made access difficult;
- The imposing of a legal requirement for ICGLR export certificates before there was sufficient capacity to validate mines and exporters, particularly in the gold sector.
- Delays from the national mines ministry in confirming the legal status of the validations conducted by the *groupes conjointes*.

According to government *arrêté* no. 0058 of 28 February 2012, ten representatives from the national and provincial government, plus iTSCi/PACT, NGOs and MONUSCO are mandated to be present on mine site validation missions. The missions are donor funded and reportedly cost US\$1,000-1,500 per site. All stakeholders have at one time or another called into question the need for such a big group. *Division des Mines* officials have also recommended either accelerating the process of having mine site validations ratified by the national mines ministry, or moving that responsibility to the provincial level. There are, for example, mine sites in Masisi that were validated green in May 2015 whose validations had not been ratified in Kinshasa six months later.

A number of stakeholders expressed the view that validation missions should take a risk-based approach by ensuring regions with conflict have larger and more diverse validation teams than non-conflict zones. The difficulty with this proposal, however, would be the decision making process for determining which sites should be classified as conflict zones. Other recommendations from provincial mines officials include accelerating the process of establishing *Zones D'Exploitation Artisanal (ZEAs)*, and the provision of an adequate budget for government agents on smaller validation missions.

Many stakeholders we spoke to expressed the view that the RCM's biggest challenge, particularly in the DRC, was to secure acceptance of its credibility from downstream buyers.<sup>30</sup> According to Paul Mabolia, Director of the World Bank PROMINES program in DRC, the validation process is one of the requirements for downstream acceptance, but so too are rigorous CoC and export due diligence, credible auditing and IMCA oversight.<sup>31</sup>

Our conclusion is that while the RCM has the potential to provide a useful complement to the implementation by companies of their own CoC due diligence, it cannot be a substitute for this, particularly since there are insufficient resources and capacity available to the DRC government, and indeed for most ICGLR member states, to replace iTSCi (or an alternative system).

There is also still no resolution to the problem of duplication of validation by the *groupes conjointes* and BGR's mine site audits. At the time of writing, however, BGR was awaiting an *arrête* from the GDRC that would mean BGR audits would in the future be accepted as the equivalent of validations, enabling production from BGR-audited mines to be legally exported.

### 3.4 MINE SITE INSPECTION CRITERIA RECOMMENDATIONS

- Progress criteria and any other non-OECD DDG criteria are shifted out of the RCM, and instead made part of the formalization agenda, or the responsibility of member states and not the ICGLR in the process.
- Do not incorporate the inspection criteria of the CTC into the RCM due to the resulting broad mandate for the RCM which will generate significant extra costs for ICGLR governments, and the private sector, while exacerbating existing capacity constraints in implementing the RCM.
- Revise the DRC's RCM fiche to make it simpler, clearer and shorter. Specifically, we recommend:
  - Separate forms for LSM and ASM;
  - The fiche focus only on status criteria, and exclude other CTC criteria;
  - The fiche be better harmonized with the OECD DDG, in particular removing the yellow flag status criteria for artisanal mine sites for: 'non-state armed groups are stationed in or operating in the immediate vicinity of a mine site'.
- An independent assessment of GMD's certification process should be conducted, possibly by the IMCA.
- We recommend a resolution be found in the DRC regarding the duplication of validation by the *groupes conjointes* and BGR's mine site audits.

---

<sup>30</sup> Interviews in Kinshasa, October 2015.

<sup>31</sup> Interviewed Kinshasa 17/10/2015

# 4.0 RCM: CHAIN OF CUSTODY

## 4.1 RCM CHAIN OF CUSTODY POLICY

The ICGLR Chain of Custody (Tracking) system is defined in the RCM as a system “that can track mineral flows from a certified mine site to the point of export, demonstrating for each export of designated minerals the certified mine site or sites from which the minerals originated, and the intermediate traders (if any) who handled the minerals or portions of the minerals between mine site and exporter.”

Member States must have a chain of custody tracking system. They can have more than one type of chain of custody tracking system in operation (i.e. for different minerals, or different regions, etc.). *Member States can opt to delegate the design or operation of their chain of custody tracking system(s) to a non-state actor.* In such cases, the chain of custody system must still conform to ICGLR standards - and Member States must retain ownership of all the data generated by the chain of custody system, and transfer without restriction and in a timely manner to the ICGLR any and all such data (i.e. on mineral purchases, sales, shipments) as the ICGLR Secretariat may request. Only pricing information is excluded from the data provided to the ICGLR.<sup>32</sup>

Where a Member State opts to allow a non-state entity to operate part or all of its Chain of Custody system, it shall sign a legally binding agreement with this entity to guarantee that information collected by the Chain of Custody system remains the property of the Member State government, and available for use free of any constraint by the ICGLR Secretariat, or such auditors or agents as the ICGLR may appoint. The Member State allowing a non-state entity to operate part or all of its chain of custody system shall ensure that that private entity has the resources, capacity and competence to adequately operate a national Chain of Custody system and to fully comply with the ICGLR chain of custody standard.<sup>33</sup>

The ICGLR Chain of Custody Tracking Standards are designed to ensure that Designated Minerals are fully traceable and conflict-free from the mine site to the point of export. Member State governments are responsible for implementing and supervising the chain of custody system within their own borders.<sup>34</sup> In principle, government inspections should be crosschecked by annual Independent Third Party Audits carried out by an ICGLR accredited auditor. To date, eight audits have been conducted in DRC (4) and Rwanda (4). On-going risk assessments of mine sites are in principle to be conducted by the office of the IMCA

RCM Member States can opt to delegate the design or operation of their chain of custody tracking system(s) to a non-state actor. In such cases, the chain of custody system must still conform to ICGLR standards - that is, it must track minerals from source to export; ensure mineral shipments are conflict free.

---

<sup>32</sup> 2011. RCM Manual, page 29. Italics added.

<sup>33</sup> 2011. RCM Manual.

<sup>34</sup> Ibid: page 29

## 4.2 RCM CHAIN OF CUSTODY IN PRACTICE

### ITRI/iTSCi and PACT

The primary traceability and CoC system for 3Ts in the region has been iTSCi, which was developed in 2010-11 by the tin industry association ITRI, in coordination with the PACT which provides oversight and due diligence. iTSCi signed a MoU (currently being renewed) with the ICGLR in 2010 which states that iTSCi is ‘a scheme for traceability that is suitable for use within the framework of the RCM’.

iTSCi has what many critics have described as a *de facto* buying monopoly. This concern has prompted donor driven (USAID/CBRMT) efforts to support the establishment of an additional due diligence and traceability system, implemented by the Better Sourcing Program and GeoTraceability. In 2016, the Better Sourcing Program and GeoTraceability launched an additional due diligence and traceability system in Rwanda, and plans to scale up both in Rwanda and the DRC with the support from USAID.

Some informants also expressed regret that, in their view, the iTSCi scheme has been dominating the traceability processes in the Great Lakes Region, to the disadvantage or neglect of other initiatives such as those developed by the British company GeoTraceability or the South African company MetTrak. Congolese mineral producers and traders feel that they have not been given the opportunity to acquaint themselves with the variety of different tracking and tracing tools. Instead, they argue, mining operators in the DRC have had no other option than to market their minerals through the iTSCi system as this appeared to be the only way to make them acceptable to downstream stakeholders. Those who have been in the unfortunate position of working in places that are not covered—or even taken into consideration—by the iTSCi system have found themselves cut off from a considerable part of the international market.

In the opinion of the critics of the iTSCi system, the situation would be a lot healthier if multiple systems would be given the chance to coexist, all enjoying equal confidence, and acceptance among end-users.<sup>35</sup>

During the course of our research, we heard many mineral producers and exporters express these views, but we also interviewed those who expressed gratitude that iTSCi provided them with market access that had been cut off during the period between September 2010 and May 2011 when the GDRC imposed an embargo on the production and export of 3Ts from North Kivu.

No comparable chain of custody system has yet been implemented for gold, though in the DRC, although Partnership Africa Canada has launched a pilot with a chain of custody system that is recognized the RCM in Ituri Province. In addition, the CEEC anticipates piloting a new physical traceability system in the DRC using inviolable sealed plastic bags called the *Initiative de Traçabilité de l’Or d’Exploitation Artisanale* (ITOA).<sup>36</sup> The Director of the CEEC, has, however, conceded that ITOA still requires work, particularly in clarifying who will be responsible for third party oversight, in order to secure confidence in ITOA from the downstream supply chain.<sup>37</sup>

## 4.3 COC IMPLEMENTATION – 3T ISSUES AND CHALLENGES

In the OECD DDG, the exercise of due diligence is the responsibility of the private sector and not the state. Within the RCM, however, whether it is the primary responsibility of the public or private sector to

---

<sup>35</sup> P14 *Analyzing the impact of the Dodd-Frank Act on Congolese Livelihoods*  
Jeroen Cuvelier, Steven Van Bockstael, Koen Vlassenroot & Claude Iguma  
Nov. 2014

<sup>36</sup> A CEEC presentation about ITOA can be found at <http://www.ceec.cd/index.php/10-a-la-une/39-presentation-itoa>.

<sup>37</sup> Interview in Kinshasa 22/11/2015.tS

establish CoC systems is unclear. In practice, it has to some extent become a joint responsibility, though iTSCi is still the only functioning CoC system at this time.

ITSCi receives donor assistance, and is also private sector-funded through a levy imposed on exports. It collaborates closely in the region with ICGLR member state government technical staff. For this study, iTSCi is the only functioning RCM traceability system to evaluate.

The dependence of the RCM on iTSCi raises two difficult questions:

- Where should the boundaries of responsibility lie between the RCM and a private sector provider like iTSCi to avoid duplication of effort, add credibility to private sector efforts and provide 3TG good governance?
- Where iTSCi does not function and there is little prospect of an alternative establishing itself, what capacity does the ICGLR, or member states have to establish systems that could fulfil the same function and achieve market access?

To answer the first question, the ‘bagging and tagging’ system designed by iTSCi, in collaboration with PACT for independent oversight, functions in the DRC in collaboration with SAESSCAM at mine sites, the *Division des Mines* in buying and processing centers, and the CEEC for export, and with GMD agents in Rwanda. For 3T output from the Great Lakes region, purchasing iTSCi-tagged material has become the principal means by which smelters and the downstream exercise due diligence and mitigate risk in the upstream, and thereby meet EU and US 3T regulatory standards.

The main criticisms of the status quo are as follows:

- Additional systems cannot establish themselves because the main buyers of tin from central Africa are ITRI members and to date they have refused (and/or been pressured) to only buy iTSCi material;
- The iTSCi system needs to improve its transparency in data sharing and incident reporting.
- Data is centralized and controlled by iTSCi, and not exporters, which raises the cost, limits transparency and results in delayed transmission of information;
- ITSCi is ‘too expensive’ and its costs do not respond to fluctuations in mineral prices;
- Mine sites in areas not associated with conflict funding, in which iTSCi is not present are excluded from OECD/DFAC-conforming international markets in the EU and the US. This includes many sites in the DRC, most of Burundi and all of Uganda.
- As has been shown by the UN GoE, there is smuggling of uncertified Congolese 3T into Rwanda where ‘tag-selling’ allows those minerals to enter the certified supply chain. Despite this, iTSCi implementation is nonetheless treated by the downstream as a valid means for conducting company due diligence.

ITRI has responded as follows:

- iTSCi’s monopoly is not the result of ITRI policy, but due to the failure of other systems to establish themselves. ITSCi is open to additional systems, such as BSP, but not in areas where they are working because it would create complexities that state agents would struggle to manage;
- If additional systems cherry pick highly productive mine sites, offering lower levy costs while avoiding overall system costs for more remote and smaller sites, there would be a general undermining of the economics of broad coverage;
- iTSCi does not determine what achieves market acceptance or the legal or due diligence requirements with which iTSCi conforms;
- iTSCi does not determine whether or not ITRI members like the Malaysia Smelter Corporation (MSC) accept tin from an additional system like BSP;

- As of December 2014 iTSCi has been established in 440 mine sites<sup>38</sup> in Eastern DRC of which 325 were active<sup>39</sup> and 718 sites of which 398 are active in Rwanda. That work takes time and iTSCi is still expanding to cover more sites;
- The financial and security determinants of where iTSCi is feasible are not within the control of iTSCi i.e. where mines are too small, remote or insecure;
- Mineral price fluctuations do not change the costs of running the system so cannot be reflected in changes in the cost per ton of the system;
- The security situation and production levels in Burundi continue to prevent progress in extending to more sites there;
- The UN GoE evidence of tag selling in Rwanda is not indicative of extensive and systematic fraud. The evidence of the level of smuggling drawn from disparities between production and export figures in the DRC is weak because it does not take account of the effects on exports of processing, drying and separation of minerals between mine site and export.
- An additional system creates the risk of allowing companies that are non-conforming with one to join the other;
- Donor funding for an additional system (USAID/CBRMT) would create ‘market distortions’ (despite there also being donor support for iTSCi) in the places where they support an additional system;
- An additional system would reduce transparency due to the need to protect proprietary program information.<sup>40</sup>

PACT has added that:

It is unrealistic to imagine that a system that meets complex international standards, that builds government accountability and transparency, and that is implemented in an area that has some of the greatest challenges in the world — from infrastructure, access and security to corruption and conflict — can be implemented without some degree of cost. The cost of the system is borne upstream.<sup>41</sup>

BSP has responded:<sup>42</sup>

- BSP can supply its system at a competitive price relative to iTSCi. Competition drives down costs and pushes up standards;
- iTSCi receives donor funding especially when establishing itself in a new area, and in this regard BSP is no different;
- iTSCi’s finances are too opaque, especially as regards the exact use of donor funding and levy revenues;
- Levy costs vary from place to place, and these differences can create smuggling incentives from the DRC to Rwanda;
- BSP can format data the same way as iTSCi to achieve interoperability and diminish complexity;
- BSP can provide data using GeoTraceability’s system in a manner that makes data processing easier for the CEEC easier. Exporters will hold the data and can share it with iTSCi if needs be;

---

<sup>38</sup> Though what, precisely, constitutes a mine site is unclear.

<sup>39</sup> iTSCi bi-annual report DRC July-December 2014: p 3

<sup>40</sup> Interviewed St. Albans, October 2015.

<sup>41</sup> July 2015 *Unconflicted: Making conflict-free mining a reality in the DRC, Rwanda and Burundi*. <http://www.pactworld.org/sites/default/files/unconflicted.pdf> PACT.

<sup>42</sup> Interviewed London October 2015.

- The economics of establishing tagging agents on tiny sites with 10 miners or fewer will not work in the DRC for iTSCi or anybody else;
- The BSP model is based on open program information available for the downstream before export and free for exporters to share with iTSCi;
- Any producer or exporter sanctioned by iTSCi or BSP for non-conformity is highly unlikely to be accepted by either given the reputational implications. Independent third party auditing should also prevent this.

The only way to know whether MSC, or any other smelter that is an ITRI member, is open to sourcing from a non-ITRI traceability system will be if and when such a system is established. It should be noted however that there is room for companies to conduct their own due diligence outside of iTSCi or BSP, however there is a cost to this. According to the deputy president of the FEC's Chamber of Mines, BSP may struggle to find buyers who will accept their system for tin but has "a better chance" with coltan.<sup>43</sup> The rights and wrongs of these issues can only be ascertained by demonstrating a proof of concept and establishing an additional system, such as BSP. The pilot would test not only BSP's system and its cost, but also the readiness of CFSP members to accept it. Only after testing and implementation will it be possible to determine the extent to which it is possible and sustainable for the region to support multiple traceability and due diligence systems.

#### 4.5 UGANDA AND ITSCI

The government of Uganda has thus far not signed a MoU with ITRI. This is for three reasons, according to Joseph Okedi, the senior inspector of mines in the DGSM:

- ITRI up until now has demanded exclusivity within Uganda and the government of Uganda wishes to encourage more than one due diligence/traceability provider;
- ITRI allegedly imposed a condition for the MoU that the government guarantees that the domestic mining sector will achieve specific production levels;
- The government and Ugandan 3Ts producers considered the proposed iTSCi levy cost to be too high.<sup>44</sup>

Perhaps surprisingly, given the absence of ICGLR RCM certification in Uganda, and in the absence of a MoU with the government, iTSCi has nonetheless established itself on one mine, Kikagati, in southern Uganda, run by African Panther. African Panther and government officials report to have exported 20 tons of cassiterite through the iTSCi system in October 2015, presumably via Rwanda, but we were not able to verify this.

#### 4.8 THE PROSPECTS FOR AN ADDITIONAL SYSTEM

Producers and exporters welcome the prospect of price competition in traceability and due diligence. The ICGLR Regional Committee on the RINR has also stated support for an additional system, and the ICGLR Secretariat has expressed support for the inclusion of more traceability schemes in the Great

---

<sup>43</sup> Interviewed Kinshasa, October 2015.

<sup>44</sup> Interview Entebbe, November 2015.

<sup>45</sup> Phone interview Kamapala 12/11/2015

Lakes Region, to help create competition and reduce monopoly.<sup>46</sup> Most recently (July 2016), the ICGLR also issued a formal letter recognizing BSP as an official traceability service provider in the region and their intent to consult with BSP in order to sign a formal MoU.

Likewise, the DRC Ministry of Mines has stated it wants additional traceability and due diligence systems to bring down costs through competition.<sup>47</sup> At the Provincial level, SAESSCAM and *Division des Mines* officials in North Kivu stated they would be happy to work with iTSCi and another system, and they did not think this would create unnecessary complexity.

Finally, CFSI Program Director told us in late 2015 that the CFSP is supportive of establishing an additional in-region traceability and due diligence provider such as BSP (and is on the BSP's Advisory Committee). The CFSP has in fact issued a public letter of support to that effect in order to reassure potential partners. It is CBRMT's understanding that full recognition by the CFSI will be contingent upon a successful CFSI audit of a receiving smelter. In November 2015, BSP also became a member of the Tantalum-Niobium International Study Centre (TIC).

#### 4.9 COULD ICGLR MEMBER STATES RUN THE RCM ON THEIR OWN AND COULD THAT SECURE INTERNATIONAL CREDIBILITY?

The OECD DDG explicitly refers to traceability OR chain of custody as two options for companies to promote supply chain transparency and due diligence (see Annex 1, Item 1 C). It further recommends that companies establish a system of transparency, information collection and control over their supply chains; this can include traceability (such as a bag and tag or electronic system to physically trace minerals) or a chain of custody system (a range of documents that identify the provenance of minerals and their transport routes), to be able to identify where minerals originate from. It does not specifically encourage the implementation of any *specific* chain of custody, traceability, due diligence or certification system.

There is therefore no reason *in principle* why ICGLR member states could not implement a physical traceability or chain of custody system, generate data they would own and manage, employ independent third party auditors, and do all their own mine site inspections and export certification. Member States could *in principle* pay for such a system by levying the same kind of fees on exporters that iTSCi currently demands in order to join the system. But even if member states were to commit the time and energy to doing this, it is unclear if downstream actors would consider such systems to be sufficiently robust and credible to secure international acceptance. And it is this uncertainty that would make such a commitment of time and energy so questionable both for the Member States and potential international donors.

A key consideration for the ICGLR is to acknowledge a basic principle of the OECD DDG – *that it is the responsibility of the individual supply chain participant to exercise due diligence, and to pay for it*. Instead, ICGLR member states, with considerable assistance from donors, have taken on much of the responsibility for due diligence that could instead be shared with the private sector. There may be areas where for example, neither iTSCi nor BSP are or are likely to be established, that would enable ICGLR member states to collaborate with private sector actors to implement their due diligence responsibilities.

There would of course still be a need for the RCM to demonstrate its credibility, which could be achieved in part by the integration of independent third party oversight by member state officials tasked with implementing the RCM. For instance, independent third party oversight will be necessary for the

---

<sup>46</sup> Declaration of the 10<sup>th</sup> Meeting of the ICGLR Regional Committee of the RINR Kampala, Uganda 25-27<sup>th</sup> November 2014.

<sup>47</sup> Interview Kinshasa 19/10/2015.

credibility of the ITOA system for gold exported from the GDRC. Attention would have to be made to address the financial implications for member states and the possible risk of duplicating the role of third party auditors.

It is worth noting that only when civil society and government officials are confident there is political backing at the provincial level for whistle blowing will they be prepared to inform violations to their superiors. Some mines officials have indicated that in the absence of such political will they are reluctant to point out serious violations out of fear for their personal safety and that of their families.

The challenge in Rwanda is different; in the absence of independent civil society representation on the National Steering Committee, stakeholders are reluctant to report any malpractice by government officials for fear of the consequences. To address this, we recommend that members of national and also international civil society join this National Steering Committee.

#### 4.12 RCM CHAIN OF CUSTODY RECCOMENDATIONS

- Member States should be made aware *it is the responsibility of the individual supply chain participant to exercise due diligence, and to pay for it*. Accordingly there may opportunities where ICGLR member states could work with the private sector or independently to implement a physical traceability and chain of custody system, generate and share data, employ independent third party auditors, and do all their own mine site inspections and export certification.
- The ICGLR should continue supporting the establishment of an additional in-region traceability and due diligence provider, including by finalizing their MoU with BSP.
- Through the MOU process the ICGLR should ensure all RCM criteria (including for example sharing of data) are agreed to by any traceability service provider.
- In Rwanda we recommend that members of civil society join the National Steering Committee in order to strengthen the independence of mine site inspection and the RCM credibility.
- In the DRC, effective RCM implementation will also require political will and backing to support and protect whistle blowers.

#### 4.13 GOLD AND CHAIN OF CUSTODY IMPLEMENTATION

The Dodd Frank Act (DFA) applies equally to all four minerals without an appreciation of the diversity of their supply chains and market structures. Tin, tantalum and tungsten (the 3Ts) are all heavy minerals that are hard to move without infrastructure. Their local value is relatively low, given that they must be exported to be smelted because of in-region capacity and infrastructure issues. The smelters of these minerals are the effective choke point in the supply chain. So long as a credible upstream mechanism feeds clean minerals into regulated smelters, minerals flowing downstream – to retailers and ultimately consumers – will be compliant with the standards. The U.S. market for end products containing tin, tantalum and tungsten is extremely important, enough so that most smelters want to be able to sell their product into that market. In light of this, key tin and tantalum smelters took leadership roles in bringing about change.

Gold is however, an entirely different commodity – a high-value material that in its raw form can be used as currency. It is portable and does not require infrastructure to move or process. It is fungible, making traceability difficult. The major international markets for gold include India, China, Russia and the United

Arab Emirates, whose buyers are less concerned about eventually reselling into US supply chains. There are no systems in place for due diligence or mineral traceability of conflict-free gold. For these and other reasons, despite the iTSCi system's significant successes in regulating 3T supply chains, DFA has had negligible impact on the artisanal gold mining trade and conflict in the Great Lakes region.<sup>48</sup>

This section focuses on the DRC, where current efforts to establish certified and traceable gold exports of ASM gold are a vital test for whether the RCM can deliver its principle goal - putting a stop to conflict funding.

Can the RCM provide the basis for a certification, traceability, chain of custody, third party auditing and data management system, especially in the absence of a privately funded and managed system such as iTSCi? Four factors make this a daunting goal:

- The high fees SAESSCAM is officially mandated to collect from artisanal miners;
- The deeply entrenched gold smuggling networks that have pockets deep enough to offer prices with which legal buyers cannot compete;
- Contestation between LSM and ASM on some sites;
- The OECD DDG-derived LBMA and DMCC standards for gold relating to physical traceability, Know Your Customer (KYC) and beneficial ownership are extremely difficult to meet for ASM gold cooperatives and supply chains.

There are a small but growing number of artisanal gold mine sites in the DRC that have been validated green, however without the designation of artisanal mining zone (ZEA) and the presence of a physical traceability or a due diligence system that conforms with the requirements of the LBMA these sites are unable to bring their gold into legal channels. The provincial director of the CEEC in North Kivu, informed us that just two of the many hundreds of gold mine sites have been validated in North Kivu and are eligible to export.<sup>49</sup> More worrying is reporting that gold from one province has been exported with ICGLR certificates indicating that its origin was a validated gold mining site in another province. Such practices only undermine the credibility of the RCM in the DRC.<sup>50</sup>

In addition to the difficulties caused by the slow pace of gold mine site validation, legal, registered gold buyers face competition from unregistered smugglers. Smugglers are typically able to offer buyers superior prices because smugglers:

- a) pass on cost savings from their evasion of taxes;
- b) often exchange the gold they purchase for imported goods and make the bulk of their profits on the goods and not the gold;
- c) typically work on tiny profit margins and make their profits on volumes.

Legal buyers in the DRC state they purchase gold at the world price minus approximately 7%, in order to pay all their taxes and earn a small profit margin. Smugglers, however, often offer world price minus 2-3%, or in some cases even less. Sales unsurprisingly gravitate towards these non-registered exporters, leaving legal buyers with too little product to generate the trade volumes that might enable them to sustain smaller margins. For the illegal trade in gold to have carried on almost uninterrupted for so long, despite

---

<sup>48</sup> <http://www.pactworld.org/sites/default/files/unconflicted.pdf> p.5

<sup>49</sup> Interviewed Goma 17/November/2015

<sup>50</sup> Phuzumoya: Interviews with industry insiders and senior CEEC officials, Kinshasa November 2014. Quoted from Baseline Study Three: An overview of provincial gold production, trade and export in Orientale, DRC. P19-20

so many state officials having detailed knowledge of who is involved, is strong circumstantial evidence, though not conclusive proof, of systematic bribery.<sup>51</sup>

The often-heard call for a drastic cut in the taxes SAESSCAM collects from gold supply chains has consistently fallen on deaf ears. These taxes vary from province to province by as much as between 1.3% in Bas Congo (now Kongo Centrale) to 10% in North and South Kivu and 11% in Maniema.<sup>52</sup> SAESSCAM collects these taxes on behalf of at least six governmental services, none of which have thus far been prepared to see this source of revenue reduced.<sup>53</sup> Yet while these taxes persist, attempts to end smuggling through more certification and traceability systems, however robust, are likely to fail.<sup>54</sup>

It is beyond the mandate of the RCM to redesign member state tax regimes. Nonetheless, unless the DRC goes further in harmonizing its overall tax take from legally exported gold with that prevailing in other ICGLR member states, instead of just, as at present, moving towards harmonizing export tax rates alone, there is little prospect of significant volumes of artisanal gold from the country shifting into the legal channels. Yet without this shift, the RCM cannot be effective for the DRC's artisanal gold.

The additional challenges posed by gold to the RCM and traceability have already received extensive investigation by Blore for CBRMT and by Gregory Mthembu-Salter of Phuzumoya Consulting for the OECD. There have been a number of proposals presented for traceability and CoC systems for gold that Estelle Levin has also closely scrutinized and whose work is not to be repeated here.<sup>55</sup>

Finally, while ITOA has yet to be launched in the DRC, there are already doubts about its sustainability and whether or not downstream end users such as refiners will perceive the system to be sufficiently credible. ITOA's viability is further challenged because the DRC's taxes on gold will continue to encourage widespread evasion of legal trading channels. This raises a larger point for the RCM which is that it cannot, in itself, change the economic environment in which it operates, an environment that largely determines whether it can achieve its stated goal.

In summary, if the RCM is to reduce conflict financing to any significant degree, it must be able to impact the trade in artisanal gold. The gold industry, however, appears unlikely to develop an equivalent of iTSCI to provide CoC tracking and due diligence assurance for ASM gold in the DRC. This makes government, private sector and NGO efforts at establishing the first pilots very important. Whether the fiscal and legal circumstances exist for a viable RCM conforming model for artisanal gold has yet to be established. The differences in the nature of gold and 3Ts make an ICGLR RCM 'gold supplement' and separate RCM gold certification form necessary. Any such supplement should be accompanied by a careful examination of the policy and fiscal context that might make the RCM viable for artisanally-mined Congolese gold.

---

<sup>51</sup> *ibid* p.11

<sup>52</sup> SAESSCAM staff Boma, interviewed Lubumbashi 27/04/2015 and Levin *ibid*.

<sup>53</sup> See Appendix I

<sup>54</sup> Blore, 2015 pp.25-28. Levin, 2015 pp.115- 120

<sup>55</sup> Estelle Levine, interviewed London October 2015.

# 5.0 EXPORT AND CERTIFICATION

## 5.1 RCM POLICY

The RCM states a government agency should be designated in each Member State to be held responsible for overseeing Export Procedures and the Issuance of ICGLR Certificates.<sup>56</sup>

## 5.2 RCM IN PRACTICE

In practice, ICGLR member states have designated lead government agencies for overseeing 3TG exports and the issuing of ICGLR certificates. In the DRC, it is the CEEC; in Rwanda the GMD and in Uganda a unit within the DGSM. In Rwanda and the DRC, but not in Uganda, mineral exports can be ICGLR certified if a) the source of minerals to be exported are from certified mines b) the material to be exported is accompanied by traceability and chain of custody documentation c) the exporter is not red-flagged.

## 5.3 DRC

In January 2014, ICGLR export certificates became mandatory for all DRC Gold exports. This was done before a functioning system of due diligence and traceability was in place for DRC artisanal gold, which remains the case today. The new rules were also implemented before mine sites in Eastern DRC had been validated by *groupes conjointes*.

On a positive note, CEEC offices in Bukavu, Goma, Kindu, and Kalemie have received basic training in issuing ICGLR certificates, while CEEC training in Bunia, Butembo, and Kisangani is ongoing. The Director General of the CEEC stated the CEEC is prepared to issue ICGLR RCM certificates in Bunia, Lubumbashi, Kindu, Kisangani, Bukavu, Goma, Kinshasa, Kibali and Kalemie, and eventually the Kasais.<sup>57</sup> ICGLR export certification is now occurring for gold originating from validated sites. However this is not yet an option for many sites, since they have yet to be validated by *groupes conjointes*. Production on these sites continues nonetheless, with output likely either smuggled into Rwanda or laundered within the DRC. Conclusive proof of the scale of this, however, remains absent.<sup>58</sup>

## 5.4 Uganda

A new unit with four staff members was at the time of writing in the process of being created within the DGSM with a specific responsibility for issuing ICGLR RCM certificates, once the first mine sites have been certified and a chain of custody provider recognized.<sup>59</sup>

## 5.5 Export and Certification Recommendations

---

<sup>56</sup> P.36 RCM Certification Manual.

<sup>57</sup> Interviewed Kinshasa 22/10/2015.

<sup>58</sup> For instance Zarnack Holdings Jimmy Katumba Interviewed Kampala 12/11/2015 UNGoE Rupert Cook interviewed Goma 17/11/2015. Save Act Mine Jamal Useni Interviewed Goma 16/11/2015

<sup>59</sup> Chief Mines Inspector Joseph Okedi, interviewed Entebbe 10/11/2015

- The issuance of ICGLR export certificates for Gold in the DRC should be reviewed to ensure all artisanal gold is originating from confirmed and validated mine sites.
- Ensure conformity across Member States regarding the requirements for the issuance of ICGLR certificates.
- In Uganda, the absence of an ICGLR RCM certification and export process should be resolved, particularly as existing and additional chain of custody systems seek to establish themselves in country. Likewise, it is recommended the Government Uganda support more than one due diligence/traceability provider to operate in country.
- In the DRC efforts should be made to harmonize *all* taxes for legally exported gold, instead of just, as at present, moving towards harmonizing export tax rates alone.

# 6.0 3<sup>RD</sup> PARTY AUDITING

## 6.1 AUDITING POLICY

ICGLR auditing is the responsibility of the ICGLR Audit Committee. The Audit Committee represents an independent regional body with tripartite representation of in-region and international civil society, industry, and government. Industry and Civil Society representatives on the Audit Committee are democratically elected from among stakeholders in each eligible Member State. The Audit Committee accredits ICGLR auditors, and sets the standards and terms of reference for Third Party Audits.

It fulfils two functions defined in the RCM manual:

- (1) Coordinating and monitoring the ICGLR third party audit system to be implemented in ICGLR member states.
- (2) Monitoring the existing RCM standards and procedures and, as systems evolve, proposing adjustments, if necessary.

The ICGLR Audit Committee works independently from the ICGLR secretariat. It reports to the Steering Committee of the RINR (made up of representatives from all member states). In principle, the roles and responsibilities of the ICGLR Audit Committee, the ICGLR secretariat, and the IMCA provide assurances on RCM implementation by individual ICGLR member states for mine site inspections, mineral traceability/chain of custody management, mineral export certification. The Audit Committee commissioned Estelle Levine Ltd. to produce an auditing methodology, which was published in October 2013 and entitled *Audit Methodology/Template for Third Party Exporter Audits of the ICGLR's RCM*. Despite its title, the document represents more of a methodology, rather than a template.

## 6.2 RCM AUDITING IN PRACTICE

The advantage of the broad range of actors within the Audit Committee is the diversity of expertise and perspectives that each sector brings. However, the downside of this diversity is the high cost of gathering stakeholders and the increased time to make decisions. For example, while the ICGLR established the RCM in 2010, it took until 2013 to establish auditing criteria, and until 2015 to commission the first ICGLR audits. This delay has weakened the credibility of the RCM.

Rwanda and DRC started issuing regional certificates (since 2013-2014), when there are no third party exporter audits being done. This places the integrity of the certificates in question as no ICGLR-conformant assurance is yet in place to validate their issuance. The longer this practice continues the greater the risk of the regional certificates becoming discredited and irrelevant. The rationale for this may be a desire to hasten investment -- but without provisions for third party validation the entire RCM process is at risk.<sup>60</sup>

The main challenges for the RCM's third party audits and auditors are:

---

<sup>60</sup> CBRMT 2015 May. Implementation Plan for the IMCA. p.25

- The gap between the large number of audits that are in principle required by the RCM, and the small number that are likely to be funded;
- In contrast to private sector audits, there is as yet no private sector funding that has been committed to RCM audits, leaving the system reliant on insecure donor or member state funding;
- Costly duplication, particularly with iTSCi and other independent exporter audits;
- Even in the few cases where donor funding is paying for RCM audits, the prescribed auditing methodology implies higher costs for these audits than are covered by the available funding.
- Ongoing difficulties in harmonizing auditing standards and interpretation of these standards with other auditing standards, including those of iTSCi, CFSP, LBMA and DMCC.

Four international auditors had at the time of writing been accredited as ICGLR auditors - C. Collin Consulting, Estelle Levine Ltd., Martello Risk, and Resource Consultancy Services (RCS).<sup>61</sup>

The cost of each audits ranges between US\$20,000-\$40,000 depending on the scope and scale of the exporter's activities. According to a former member of the UN Group of Experts on DRC, for the RCM to fulfil the auditing responsibilities it has taken on itself, at least a further 50 audits are required. So far, however, there is no budget for them.<sup>62</sup> Senior DRC ministry of mines official Joseph Ikoli told us that member states should fund these audits to establish the credibility of the RCM.<sup>63</sup> There is little indication so far, however, of member states heeding this call and in the meantime the only organization offering funding is USAID.

While the ICGLR completed eight audits with USAID funding in 2016. Meanwhile, iTSCi also requires its exporters to undergo private sector CoC and due diligence audits for 3Ts and considers it to be a private sector responsibility to conduct third party audits, citing that this one of the five steps described in the OECD Guidance. The RCM, however, has made third party audits an ICGLR responsibility. iTSCi has also stated the ICGLR audit is not sufficient for buyers and that without an iTSCi audit exporters were in danger of being in breach of iTSCi's compliance requirements.

As a consequence, there is an unresolved issue regarding the status of private sector audits for the ICGLR, and the status of RCM audits for the private sector in fulfilling its due diligence obligations. This is a theme that runs throughout our evaluation. Now is the time to streamline and harmonize the RCM on the basis of OECD Guidance, clarify private and public sector responsibilities, and increase the RCM's credibility and cost effectiveness.

If RCM certification becomes mandatory in the region before audit harmonization has been established, this will in effect impose an audit duplication requirement on 3TG exporters in the region. We therefore recommend that private sector and RCM audits be harmonized - or mutually recognize one another - *before* making RCM audits mandatory.

Establishing inter-operability between RCM audits and those of other institutions is difficult, but a precedent has been set by the mutual recognition accorded by each of the auditing standards of the CFSI, the LBMA and the Responsible Jewelry Council. If iTSCi were to accept ICGLR audits, the ICGLR should accept iTSCi's audits, and preferably those too of BGR's CTC.

---

<sup>61</sup> <http://www.icglr.org/index.php/en/reports> According to Martello Risk RCS have withdrawn from the group but that has not been verified.

<sup>62</sup> Interviewed Goma 17/11/2015

<sup>63</sup> Interviewed Kinshasa 19/10/2015

## 6.2 RCM AUDITING RECOMMENDATIONS

- ✓ There should be mutual recognition between the ICGLR and iTSCi to avoid duplication of effort and cost.
- ✓ Develop an RCM auditing template, which meets criteria recognized by iTSCi's auditors and the Conflict Free Smelter Program (CFSP) LBMA and DMCC
- ✓ Financing for future RCM audits should be determined as soon as possible.
- ✓ The frequency of RCM audits should also be reviewed, with greater consideration given to their cost implications.
- ✓ There should be discussions between stakeholders, including the ICGLR, aimed at building consensus on how to translate the OECD DDG into auditing standards that are capable of being met by artisanal 3TG supply chains from ICGLR member states.

## 6.3 GOLD

The LBMA has members who source gold from the DRC but only from large scale/industrial mines, such as RandGold (Kibali, Haut-Uele) and Banro (Twangiza, South Kivu and Namoya, Maniema). No accredited LBMA or DMCC good delivery list members officially source DRC ASM gold. The RCM has not thus far impacted the design of LBMA's or DMCC's good delivery standards, which are heavily based on the OECD DDG adapted for the gold industry. In addition, because gold is so easily converted into currency, generating money laundering risks, the LBMA'S Responsible Gold Guidance (RGG) also integrates conformity with the KYC and beneficiary ownership requirements of the relevant regulatory authority of the country or countries where a refiner is working.<sup>64</sup> As a result, there is no explicit requirement in the auditing standards of the Responsible Gold Guidance requiring gold exports from the region to have ICGLR/RCM export certificates. However, one of the requirements of the RGG is that all exports purchased by an LBMA listed refiner are legally traded, and that their due diligence management systems can produce evidence of that legality. This implies that LBMA refiners sourcing from countries where the RCM has been implemented would need to see evidence of RCM certification.

The dilemma for RCM audits on the region's artisanal gold supply chains is that if they are rigorous enough to meet LBMA and DMCC auditing standards, then the audits are likely to be expensive, encouraging many traders to stick to smuggling to avoid the associated costs. *That, unfortunately, is the 'Catch 22' of the RCM's system design.* LBMA's chief executive confirmed that the OECD DDG is the main reference point for the LBMA's RGG auditing standards. Crowell agreed that a documentary traceability system could be deemed as meeting due diligence standards if an accredited auditor said it did, and confirmed that the DDG standard of 'conflict-funding risk mitigated' rather than DFA 'conflict free' was the LBMA's relevant auditing standard. The LBMA however, qualified this position, saying that for the countries identified by the DFA as high risk, which includes most ICGLR member states, auditors would impose the more exacting DFA 'conflict-free' standard, assuming the refiner being audited wished to maintain market access in the US.

Interestingly, it was feasible that artisanal gold exports from Tanzania could be accepted if they met the DDG derived auditing standards because Tanzania has passed two Good Delivery List auditing tests:

- 1) A good enough governance environment for export and royalty tax payment paperwork to be credible; and
- 2) Independent mining finance paper work and control from a credible bank operating in Tanzania, such as Standard Bank.

If the gold supply chain from Tanzania had also been subject to good due diligence practices, it would be possible that an auditor would not require the presence of a physical traceability system. It is however unknown if the DRC could meet the two tests and consequently it is likely that an auditor would demand a physical traceability system for output from there. Crucially however, if there was a credible independent third party on the ground providing sufficient due diligence, then the LBMA might accept that a DRC ASM gold supply chain had met its standards, without a physical traceability system.

In the view of Mineral Care, a provider of mineral traceability services, the OECD DDG does require a physical traceability system, since the guidelines make explicit reference to CoC, KYC and beneficial ownership. The OECD itself, meanwhile, has not specified how the DDG should be translated into auditing criteria.

Whatever the case, since the ICGLR cannot determine the auditing criteria of the global gold industry, we recommend that it align the RCM with the results of an alignment the OECD is conducting across six industry programs (including the LBMA and DMCC).

# 7.0 INDEPENDENT MINERAL CHAIN AUDITOR (IMCA)

## 7.1 RCM IMCA POLICY

The ICGLR Independent Mineral Chain Auditor is an important guarantee of regional compliance with ICGLR standards, and of on-going conflict monitoring and risk assessment. The ICGLR Mineral Chain Auditor is appointed by the ICGLR Executive Secretary pursuant to a competitive selection process.

### IMCA Responsibilities.

1. Inspection of Chain of Custody Tracking Systems for compliance with RCM standards. Requires improvements where standards not met for compliance.
2. Investigation of armed group involvement in mineral chains. Investigation of suspected large-scale smuggling between states. Investigation of ‘internal laundering’ – where evidence indicates production does not match capacity of a mine or region. Investigation out of region where there is evidence of clandestine export.
3. Ongoing investigation, assessment and regular reporting of conflict risk and conflict finance from mineral supply chains using audits, conflict mapping, local and INGOs, press, MONUSCO etc.<sup>65</sup>

The ICGLR Independent Mineral Chain Auditor shall examine each new Chain of Custody system or systems implemented in each Member State within a year of the system’s operation. The IMCA will evaluate the Chain of Custody system for compliance with the ICGLR standards set out in this section and Appendix 4: Standards for Chain of Custody Tracking within Member States. The Mineral Chain Auditor shall report their findings in written form to the Member State and Secretariat.<sup>66</sup>

Where the Mineral Chain Auditor finds the Chain of Custody system not to be in compliance with the ICGLR standards set out in this section and Appendix 4: Standards for Chain of Custody Tracking within Member States, the Member State shall have a period of six months to bring the Chain into compliance.<sup>67</sup>

---

<sup>65</sup> RCM Manual p.53

<sup>66</sup> Ibid p.29

<sup>67</sup> Ibid p.30

If, in the opinion of the Mineral Chain Auditor, the Member State has not brought its Chain of Custody system into ICGLR compliance during that six month period, the Member State shall lose the right to issue ICGLR Regional Certificates, until such time as, in opinion the Mineral Chain Auditor, the Chain of Custody system has been brought into ICGLR compliance.<sup>68</sup>

## 7.2 IMCA IN PRACTICE

“There remains the general impression that a significant portion of minerals originating from or travelling through the GLR are not yet in conformance with the OECD DDG. The IMCA is absolutely crucial in creating confidence in the RCM among private sector actors, especially downstream end-users, since it is supposed to be the ultimate check on the systems’ integrity. Industry confidence cannot be created until there is an IMCA.<sup>69</sup>

CBRMT has previously funded Estelle Levin Ltd. to draft an ‘Implementation Plan for the IMCA’.<sup>70</sup> This document lays out a clear and practical road map for the development of this important position including staffing, office space, the legal status and independence of the position, standard operating procedures, lines of reporting and disclosure, objectives, strategies and formats, resource networks and information sharing, actions and a self-financing feasibility study.

In March 2016, an IMCA was hired and installed at the ICGLR Secretariat. It is premature to evaluate whether the position has sufficient authority or capacity to fulfil the responsibilities described above. It is, however, clear from the RCM manual that the primary role of the IMCA is more that of an investigator than an auditor, given that the IMCA is tasked with the responsibility of investigating CoC systems, armed group involvement in mineral chains and analysis, investigations of the conflict environment and attendant risks, and whether audits are fulfilling the intention of the RCM as a whole.

We also recommend that a long term funding plan for the IMCA be identified as soon as possible. USAID and the Public Private Alliance for a Responsible Minerals Trade (PPA) have agreed to cover the salary, office and travel costs for the IMCA and an administrative assistant, but these funds are intended to last 12 months - making a long term funding strategy for the IMCA an urgent priority.

## 7.3 IMCA RECOMMENDATIONS

- ✓ As the IMCA is not an auditor per se (and to avoid confusion with the actual RCM audits), the name of the Independent Mineral Chain Auditor should be changed to ‘Independent Mineral Chain Inspector’.
- ✓ Financing for the IMCA Office needs to be urgently addresses as the current donor funding stream is anticipated to conclude in May 2017.

---

<sup>68</sup> Ibid: p.31

<sup>69</sup> CBRMT Estelle Levin Ltd. 2015 May. Mrs. Kathleen Charles & Nynke Douma. *Implementation Plan for the IMCA*.p.23

<sup>70</sup> Available from CBRMT

# 8.0 ICGLR MINERALS DATABASE

## 8.1 RCM DATABASE POLICY

Tracking of Regional Mineral Flows via a public ICGLR Database is one of the main pillars of the ICGLR Certification scheme. Tracking and reconciling mineral flows within and between Member States is intended to assure all stakeholders (Member State governments, local and international NGOs, private sector end users and others) of the integrity of certified mineral flows from the region. The Database will make it possible to track and balance the production, purchases and exports of mines, mining regions, exporters and Member States

According to the RCM Manual, the Regional Mineral Tracking Unit/Database is intended to track and balance regional flows of designated minerals, using data from Member State chain of custody systems, from artisanal dig sites and industrial mine sites, from mineral traders, from *comptoirs*, processors, smelters and other exporting entities, from Member State customs data, and any other sources as may in the opinion of the Secretariat be required or convenient.<sup>71</sup>

Other requirements of Member States and supply chain participants in relation to the database include:

1. Providing the results and dates of mine site inspections, audits.
2. Sharing the national database of mine sites and their certification status.
3. Inform the Secretariat within seven days when a mine is red-flagged.
4. In the RCM the establishment of the database is considered critical to the proper functioning of certification and CoC.
5. Share all information from domestic CoC Tracking systems for use in the Regional Mineral Tracking Database.
6. Share all information regarding exports.

Member States can opt to delegate the design or operation of their chain of custody tracking system(s) to a non-state actor. In such cases, the chain of custody system must still conform to ICGLR standards. Member States must retain ownership of all the data generated by the chain of custody system, and transfer without restriction and in a timely manner to the ICGLR any and all such data (i.e. on mineral purchases, sales, and shipments) as the ICGLR Secretariat may request. Only pricing information is excluded from the data provided to the ICGLR.<sup>72</sup>

Developing and implementing the database is the responsibility of the ICGLR Secretariat. Member States, mines, traders, processors, exporters and other actors in the mineral chain are required to provide all data (except for pricing information, which will remain confidential) on their production, purchases, sales and exports to the ICGLR Secretariat as and when required. The database will be publicly accessible, as a way of establishing and maintaining the credibility of the ICGLR Mineral Tracking and Certification Scheme.

---

<sup>71</sup> RCM Manual p.39-43

<sup>72</sup> RCM Manual p.29

## 8.2 RCM DATABASE IN PRACTICE

It is not possible to evaluate the data management and analysis capacity of the ICGLR secretariat because it is still not properly functional. The functioning of the database is dependent on the quality, comprehensiveness and formatting of the data that is supplied by member states and participants in the supply chain, the design of the ICGLR database and the capacity of ICGLR staff to process the data.

Three factors currently prevent the proper functioning of the ICGLR database:

- The absence of an MoU regarding data sharing with iTSCi;
- The lack of capacity of the secretariat to ensure and enforce the requirement that member states provide complete and accurate information;
- The design of the ICGLR database needs to improve to make processing large volumes of data possible.

Philip Schütte, BGR's ICGLR project manager between 2010 and 2015, has been supporting the ICGLR in the implementation of the RCM. According to Schütte, there is no functioning database at present, but instead just spreadsheets and a database access template for which a proper quality control system has not yet been established.

Since iTSCi and BSP are developing automated data capture at mine sites, the database should be equipped to handle this data, and ideally make it shareable, within confidentiality constraints, to smelters and the downstream. The extent to which data can be shared between the database and the iTSCi database is significantly constrained by the nature of ITRI's agreements with member states:

In terms of data transparency, all iTSCi data is collected by the governments of the region and transferred to iTSCi by government agents. Data that is analyzed by iTSCi is shared with governments on the basis of memorandums of understanding that are regularly reviewed. Much of this aggregated data is publicly available but some is not for reasons of commercial confidentiality. No system working with companies will be able to share all data at its own discretion. This is neither acceptable to industry nor required by international standards.<sup>73</sup>

The MoU signed in 2010 between the ICGLR and ITRI currently means there is no legal obligation for iTSCi to share data with the ICGLR. Data arising from the iTSCi traceability system would however be available to the ICGLR once a confidentiality agreement regarding level of publication of data has been reached.<sup>74</sup> An MoU between the ICGLR and ITRI guaranteeing confidentiality for commercially sensitive data as a precondition for data sharing has still not been signed five years later.

Both the DRC and Rwandan governments maintain their own minerals database. Some of that data can be accessed publically through ministry portals.<sup>75</sup> There has been some transfer of data from these governments to the ICGLR but national government officials have complained of having sent data to the ICGLR but not either seen it used or, when requested, receiving any information in return.

---

<sup>73</sup> July 2015 *Unconflicted: Making conflict-free mining a reality in the DRC, Rwanda and Burundi*. <http://www.pactworld.org/sites/default/files/unconflicted.pdf> PACT p.12

<sup>74</sup> 'Data arising from the iTSCi traceability system will be available to the ICGLR once a confidentiality agreement regarding level of publication of data has been reached MoU' from ICGLR ITRI MoU November 2010

<sup>75</sup> <http://www.minirena.gov.rw/index.php?id=215>, <http://www.saesscam.cd/SAESSCAM/Map/index.html>

### 8.3 RCM DATABASE RECCOMENDATIONS

- Ensure the renewed MoU with iTSCi and any other traceability system includes and enforces data sharing.
- Enforce the requirement that member states provide complete and accurate information to the ICGLR;
- Ensure the database can be maintained and updated by ICGLR staff and can process large volumes of data;
- Clarify how data processed by the database will be made publically available.

# APPENDIX A: LIST OF STAKEHOLDERS INTERVIEWED OR CONTACTED

<b>Organization</b>	<b>Interview/Phone &amp; /or Skype</b>
Tetra Tech/ARD	Email exchange and skype interview.
USAID	Interviewed Kinshasa
BGR	Interviewed Kinshasa
BGR	Email and phone interview.
OECD	Email Email and conference call
IPIS	Interviewed Goma
PACT	Not available for interview at time of research.
PAC	Email
PAC	Email and skype interview
Motorola Solutions (formerly)	Email and skype interview
CFSI	Email and skype interview.
GeoTraceability	Skype Interview
Rwandan ICGLR Nat. Coord.	Email
ICGLR Technical Unit	Email
ICGLR Technical Unit	Email
LBMA	Interviewed London
HRW	Interviewed London
BSP	Interviewed London and email exchange
BSP	Skype Interview and email exchange

Estelle Levin ltd	Interviewed London and Email exchange
Martello Risk	Skype interview and email exchange
iTSCi	Interviewed St. Albans
ITRI/TIC	Phone Interview

#### **DRC Kinshasa and Goma**

National MoM Dir Cab	Interviewed Kinshasa
CEEC (ITOA)	Interviewed Kinshasa
UNGoE	Skype interview.
Div. des Mines	Interviewed Goma
SMB (Formerly MHI)	Interviewed Goma
Alphamines	Interviewed Goma
Save Act Mine	Interviewed Goma
COOPERAMA	Interviewed Goma
<u>TetraTech</u>	Skype Interview

#### **Uganda Entebbe and Kampala**

Uganda Chamber of Mines	Interviewed Kampala
Auranda minerals	Interviewed Entebbe
Consultant	Interviewed Entebbe
Senior Inspector of Mines	Interviewed Entebbe
Zarnack Holding	Interviewed Kampala
Krone (U) Ltd.	Interviewed Kampala
African Panther	Phone interview

# BIBLIOGRAPHY

- Autesserre, S. 2012: Dangerous Tales – Dominant narratives on the Congo and their unintended consequences. *African Affairs*, 111/443, 202–222.
- Blore, S. 2012: The MetTrak System at Rutongo - A Preliminary Assessment. For Partnership Africa Canada. [http://www.pacweb.org/Documents/icglr/Met\\_Trak\\_Assessment\\_February\\_2012.pdf](http://www.pacweb.org/Documents/icglr/Met_Trak_Assessment_February_2012.pdf) (Accessed on 03.11.2014)
- Blore, S. 2015: The 97% Solution: Working with Producers to Responsibly Source Artisanal Gold from the Democratic Republic of the Congo (DRC). Report for the Capacity Building for Responsible Minerals Trade Programme (CBRMT), prepared for USAID by TetraTech. Forthcoming.
- Cuvelier, J.; Van Bockstael, S.; Vlassenroot, K. and Iguma, C. 2014: Analyzing the Impact of the Dodd-Frank Act on Congolese Livelihoods. At: [https://s3.amazonaws.com/ssrc-cdn1/crmuploads/new\\_publication\\_3/%7B57858126-EF65-E411-9403-005056AB4B80%7D.pdf](https://s3.amazonaws.com/ssrc-cdn1/crmuploads/new_publication_3/%7B57858126-EF65-E411-9403-005056AB4B80%7D.pdf) (27.11.2014)
- EU Draft Final Report – Conflict Minerals in the Great Lakes Region. 04/11/2015
- Geenen, Sara. ‘Evident but elusive: practical norms in the Congolese gold sector’ in De Herdt, Tom and de Sardan, Olivier *Real Governance and Practical Norms in Sub-Saharan Africa: The Game of the Rules*. 2015 Routledge pp 228-244.
- Geenen, Sara (2015). *African Artisanal Mining from the Inside Out: Access Norms and Power in the Congolese Gold Sector*. Routledge.
- Geotraceability 2013: Mining Sector. At: [https://www.geotraceability.com/GeoTraceability/en/Mining\\_sector.pdf](https://www.geotraceability.com/GeoTraceability/en/Mining_sector.pdf) (18.11.2014)
- Geotraceability, n.d.a: Products. At: <https://www.geotraceability.com/Geotraceability/en/products.php> (17.11.2014)
- Gillard T. et R. Nieuwenkap (2015) Responsible gold aussi means supporting livelihoods of artisanal miners. <http://oecdinsights.org/2015/03/24/responsible-gold-also-means-supporting-livelihoods-of-artisanal-miners/>. (26.03.2014)
- Government of Burundi 2013: Ordonnance ministerielle no. 760/CAB/584/2013 ( ?) portant revision de l’Ordonnance ministerielle No. 760/214/1/3/2011 portant procedures de certification des substances minerals en Republique du Burundi.
- Government of DRC 2002: Law No. 007/2002 of July 11, 2002 Relating to the Mining Code. At: [http://mines-rdc.cd/fr/documents/codeminier\\_eng.pdf](http://mines-rdc.cd/fr/documents/codeminier_eng.pdf) (06.11.2014)
- Government of DRC and ITRI 2012: MoU / Protocole d’Accord sur l’initiative pour la chaine d’approvisionnement d’étain (iTSC)

Government of DRC (2011a) Manual for the Certification of Ores in the Gold Industry in the Democratic Republic of Congo: Principles, Guidelines and Standards. Version 0 of 22 February 2011. Mining Ministry, Kinshasa.

Government of DRC (2011b) Manual for the Certification of Ores in the Tin Industry in the Democratic Republic of Congo: Principles, Guidelines and Standards. Version 0 of 22 February 2011. Mining Ministry, Kinshasa.

Government of DRC 2012b: Decree No. 0058bis/CAB.MIN/MINES/01/2012; Fixant les procedures de qualification et validation des sites minières des filières aurifère et stannifère dans les provinces Katanga, Maniema, Nord Kivu, Sud Kivu et Orientale ; 29.02.2012.

Government of DRC 2012c: Decree No. 0057/CAB.MIN/MINES/01/2012; portant mise en oeuvre du mechnisme regional de certification de la CIRGL en RDC ; 29.02.2012.

ICGLR 2011a: ICGLR Regional Certification Mechanism (RCM): Certification Manual.

ICGLR 2011b: ICGLR Regional Certification Mechanism (RCM): Appendices.

ICGLR 2014: Accreditation of ICGLR Third Party Auditors, August 2014. At: <http://www.icglr.org/index.php/en/reports> add date ??

ICGLR n.d.a: Regional Initiative against the Illegal Exploitation of Natural Resources. At: <http://www.icglr.org/index.php/en/rinr> add date ??

iTSCi, n.d.a: The iTSCi Audit Procedures.

iTSCi, n.d.b: Instructions for completing iTSCi mine site logbooks DRC.

iTSCi, n.d.d: Audit Programme Management.

iTSCi, n.d.e: Sample Incident Report. At: <http://www.oecd.org/development/investmentfordevelopment/49104788.pdf> (18.11.2014)

iTSCi, n.d.f: iTSCi – Continual risk alerts, incident reporting and issue solving. Presentation. At: [https://www.itri.co.uk/index.php?option=com\\_mtree&task=att\\_download&link\\_id=52435&cf\\_id=24](https://www.itri.co.uk/index.php?option=com_mtree&task=att_download&link_id=52435&cf_id=24) (24.11.2014)

iTSCi 2014c: iTSCi Overview - November 2014.

iTSCi 2013b: iTSCi begins transition to digitised data collection for mineral supply chains. At [https://www.itri.co.uk/index.php?option=com\\_mtree&task=att\\_download&link\\_id=53805&cf\\_id=24](https://www.itri.co.uk/index.php?option=com_mtree&task=att_download&link_id=53805&cf_id=24) (18.11.2014)

LBMA n.d.b: The London Bullion Market. At: <http://www.lbma.org.uk/the-london-bullion-market> (26.11.2014)

Levin, E. and Cook, R. 2013: Mineral Supply Chain Due Diligence Audits and Risk Assessments in the Great Lakes Region. At: [http://www.estellelevin.com/wp-content/uploads/2013/12/Audit-Analysis\\_report\\_20131111\\_final.pdf](http://www.estellelevin.com/wp-content/uploads/2013/12/Audit-Analysis_report_20131111_final.pdf) (

OECD 2013: Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Second Edition, OECD Publishing. At: <http://www.oecd.org/corporate/mne/mining.htm>

De Sardan, Olivier and Giorgio Blundo. 2006. *Everyday Corruption and the State: Citizens and Public Officials in Africa*. Zed Books. London.

Radley, B. and Rothenberg, D. 2014: The Lived Experience of Human Rights and Labour Violations in Select Artisanal Mining Sites in North and South Kivu of the Eastern DRC.

Roesen, G. and Levin, E. 2011: Conformance and Compatibility Analysis - CFS, iTSCi, and the OECD Due Diligence Guidance. Report for EICC

Rwandan Ministry of Natural Resources 2012: Ministerial regulations No. 002//2012/MINIRENA of 28.03.2012 on the Regional Certification Mechanism for Minerals. Official Gazette No. 17, 23.04.2012.

UN Group of Experts Report (2016) [http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2016/466](http://www.un.org/ga/search/view_doc.asp?symbol=S/2016/466)

UN Group of Experts on DRC 2014a: Letter dated 19 June 2014 from the Chair of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo addressed to the President of the Security Council. At: [http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2014/428](http://www.un.org/ga/search/view_doc.asp?symbol=S/2014/428) (28.11.2014)

UN Group of Experts on DRC 2014b: Letter dated 22 January 2014 from the Coordinator of the Group of Experts on the Democratic Republic of the Congo addressed to the President of the Security Council. At: [http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2014/42](http://www.un.org/ga/search/view_doc.asp?symbol=S/2014/42)

UN Group of Experts: Letter dated 16 October 2015 from the Coordinator of the Group of Experts on the Democratic Republic of the Congo addressed to the President of the Security Council. [http://www.un.org/ga/search/view\\_doc.asp?symbol=S/2015/797](http://www.un.org/ga/search/view_doc.asp?symbol=S/2015/797)

Vogel, C. and Radley, B. 2014: In Eastern Congo, economic colonialism in the guise of ethical consumption? Washington Post, 10.09.2014. At: <http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/09/10/in-eastern-congo-economic-colonialism-in-the-guise-of-ethical-consumption>

Tegera, Aloys & Johnson, Dominic *Rules for Sale: Formal and Informal Cross Border Trade in Eastern DRC*. Pole Institute. Goma. 2007

Blore, Shawn and Smillie, Ian ‘*Taming the Resource Curse: Implementing the ICGLR Certification Mechanism for Conflict-prone Minerals*’ PAC 2011

ICGLR *ICGLR Regional Certification Mechanism (RCM) Certification Manual*. Nov. 2011.

PACT. *Unconflicted: Making conflict-free mining a reality in the DRC, Rwanda and Burundi*. <http://www.pactworld.org/sites/default/files/unconflicted.pdf> July 2015

IPIS. *Analysis of Interactive Map of Artisanal Mining Areas in Eastern DR Congo: May 2014 Update*.

IPIS, *Mineral supply chains and conflict links in eastern DRC: 5 years on*, IPIS, 2015

MOU between ICGLR and ITRI 2010

Levin, E. and Cook, R. 2013: Mineral Supply Chain Due Diligence Audits and Risk Assessments in the Great Lakes Region. At: <http://www.estellelevin.com/wp-content/uploads/2013/12/Audit-Analysis-report-20131111-final.pdf>.

**U.S. Agency for International Development**  
1300 Pennsylvania Avenue, NW  
Washington, DC 20523  
Tel: (202) 712-0000  
Fax: (202) 216-3524  
[www.usaid.gov](http://www.usaid.gov)