

iTSCi: contributing to minerals traceability and due diligence in Central Africa

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- Provide a joint industry programme from mine to smelter, meeting international requirements (OECD, UN)
- Allow relevant US and multi-national companies to report on due diligence, required by US law (SEC)
- Provide information for end user smelter audit (EICC GeSI)
- Promote continued access to international markets for 3T mineral sector in the central African region

tin

tungsten

tantalum

(not gold)

iTSCI Membership Structured

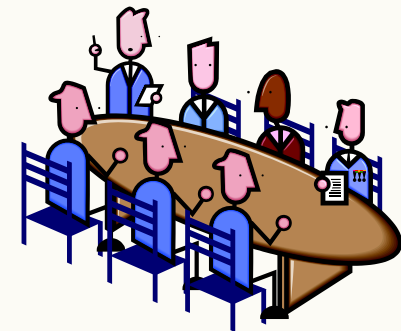


- **Upstream** = around 50 Full Members
 - Co-operatives, exporters, traders, processors/smelters
 - Requires recognition of OECD Annex II
 - Preliminary company audit by Channel Research

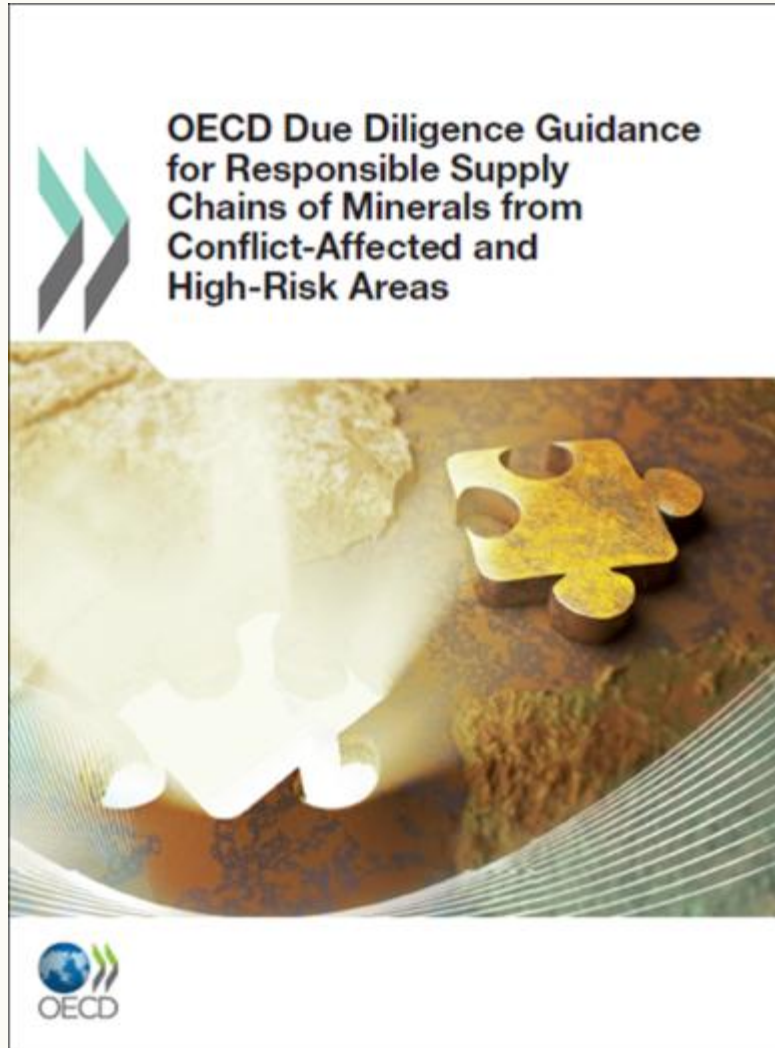
- **Downstream** = Associate Members
 - Requiring information on their supply chain from Africa
 - Contribute to costs of implementation

- Mechanism to formalise;
 - Payments, obligations, confidentiality, liability and so on

- Structured management;
 - Governance committee
 - Advisory panel
 - Programme operators
 - Risk assessor and Auditor
 - Ombudsman
 - Secretariat



A responsible upstream supply chain



- iTSCi Programme key reference is the OECD Annex II;
 - **No!** serious HR abuses by any actor
 - **No!** Direct or indirect support to non-state armed groups
 - **Managed** formal security forces
 - **Managed** bribery and fraud
 - **Encouraging** transparency of payments
- iTSCi is not only bag'n' tag
- iTSCi is;
 - Practical application of OECD guidance
 - Through multi-partners, with joint responsibilities
 - By location & by expertise

iTSCi & OECD upstream due diligence



<p>Policies, management, contracts, supplier engagement</p> <ul style="list-style-type: none"> ➤ By companies 	<p>AUDIT</p> <p>Step 1: company activity Step 1: exporter tax records</p>
<p>Traceability, chain of custody and data analysis</p> <ul style="list-style-type: none"> ➤ By Government agents, companies, iTSCi field agents and secretariat ➤ Capacity building by US based NGO, Pact 	<p>AUDIT</p> <p>Step 1: mineral trade info Step 1: capacity building</p>
<p>On-the-ground assessment, monitoring, grievances</p> <ul style="list-style-type: none"> ➤ By US based NGO, Pact and local partners, companies, Govt 	<p>AUDIT</p> <p>Step 1: grievance, local taxes Step 2: identify/assess risks Step 3: monitoring mitigation</p>
<p>Risk management and stakeholder engagement</p> <ul style="list-style-type: none"> ➤ By Pact, local partners, iTSCi committee, companies, Govt 	<p>AUDIT</p> <p>Step 3: risk mitigation, through stakeholder agreement</p>
<p>Independent check, audit and grievances</p> <ul style="list-style-type: none"> ➤ By independent evaluator Channel Research 	<p>↑</p> <p>Step 1: ownership, grievance Step 2: company/finance risks Step 4: independent audit</p>
<p>Due diligence reporting</p> <ul style="list-style-type: none"> ➤ By companies 	<p>Step 5: annual report</p>

Selecting conflict-free mines



BASELINE REPORTS: mine location, owners, operators, production, civil society, trade routes, taxes and security

+ OTHER INFORMATION: Government validation reports, UN, civil society etc. Approved to **RECEIVE TAGS**

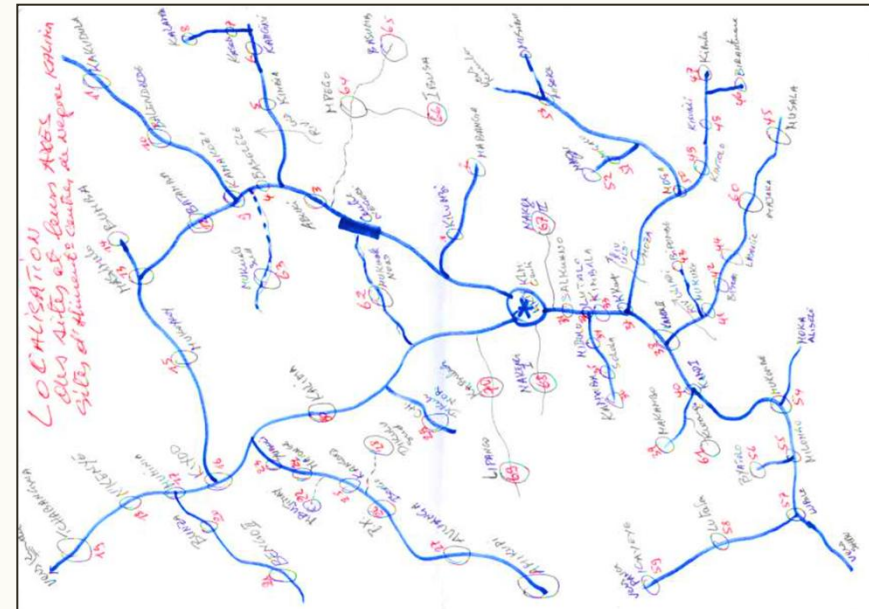
ITSCI Mine Baseline Study: SAMPLE MINE, DRC				
Instructions to researchers:				
1. Present the project and its objectives	Date : 30 October 2011			
2. Measure the interviewees' level of confidentiality of the information they provide	Province : Katanga			
3. Translate information to country context	Territory : Malomba Nkulu			
4. Keep the interview sheet clean and dry	District : Mout Lemba			
5. Do not share this baseline study with anyone outside your ITSCI team	Mine name : MULUMBI			
6. Send the completed form to your Project Manager within three days	Concession number : 1000			
	Concession owner : Mining Company X			
	Type of permit and status : PR			
	GPS of mine entry / camp : 3 06°56'32.4" S 025°15'22.4" E Altitude 615m			
NOTES:				
<p>Mulumbi is a fictional mine created for the purposes of showing how the ITSCI baseline study works. ITSCI team members visit the site and spend time with the various actors to collect the necessary information to enable a decision to be made as to whether or not we can work in that mine.</p> <p>Typically, in this section, a 'thumb-nail' description of the mine may be given including details such as:</p> <ul style="list-style-type: none"> It is 20km from the Malomba Nkulu town; The artisanal miners are working in old exploration shafts from a colonial mining company; The mine has been dormant for some time but work restarted there six months ago; etc. 				
Artisanal mining: <input checked="" type="checkbox"/>	Semi-industrial mining: <input type="checkbox"/>			
Industrial mining: <input type="checkbox"/>				
Buyers present on the site				
Source	Price by weight and grade	Methods of transport	Destination	
Independent merchant JEMOME	6.50 US\$ per kg for approximately 55%	Motorbike to town ; Vehicle to point of export	Malomba Nkulu ; Lubumbashi	
Buyer NYMBO for Company X	6.00 US\$ per kg for approximately 55%	Vehicle	Lubumbashi	
Cooperatives / associations at the site				
Cooperative/association	Number of members	Name of person in charge	Contact	
CCMMK	60	Fabrice	+243998579623	
State agents present on the site (SABSCAM, Div/Mines, ANR, others)				
Name of service	Number of agents	Permanent/ on mission	Senior representative on site	Contact of senior representative
Div. Mines	5 agents	3 permanent	Mukoko SAKWIKWA	+243997382295
SABSCAM	12 agents	8 permanent	Innocent SIKUMBI	+243991576378/+243818480987
PMH	5 agents	4 permanent	Fabrice MULUMBI	+243990468884
ANR	2 agents	2 on mission	Fabrice KITUMBU	



Number of Mines with iTSCi Baselines



- Rwanda
 - 130 mine areas, 3-10 sites per area, ~406 mine sites
 - With 19,576 miners and 4,711 other workers
- Katanga
 - 143 mine areas 2-20 sites per area ~1,716 mine sites
 - With 19,943 miners (other workers not yet quantified)
- South Kivu (with US DRL project)
 - 399 mine sites identified
 - Those close to CdN with baselines
- GPS and security info to share



Monitoring and Solving Risks



INCIDENT REPORTS: Reports from field staff, or any other source. Record of plan and actions until closed/resolved.

PROJECT COMMITTEES: local stakeholders, or project Governance committee, to determine, agree and implement actions



ITSCI Incident Report		Number: KT/2011/XXXX		
Instructions: 1. Use the ITSCI Incident Category Chart to determine the Level of the incident 2. Complete the incident report form and send it to your Project Manager within 24 hours 3. Clearly state if the information is based on rumor or it has been verified, and by whom 4. This incident report form is CONFIDENTIAL and should be submitted to your ITSCI Project Manager only 5. Fill in a separate report form for each incident 6. If there is not enough room on the form, use blank sheets to continue and attach them to the report		Date of report : 30/09/2011 Province : Katanga Territoire : M'waaba District : Haut Katanga Date of incident : 27 September 2011 Location of incident : M'waaba Time of incident : 18h Number of extra pages attached to this report : 1		
Indicate which category of incident occurred by marking the appropriate box(es) below with ✓				
Level 1	<input type="checkbox"/> Deceit	<input type="checkbox"/> Corruption	<input type="checkbox"/> Security	<input type="checkbox"/> Human Rights
Level 2	<input checked="" type="checkbox"/>			
Level 3	<input type="checkbox"/>			
FOR LEVEL 1 INCIDENTS - Steering Committee recommendation (✓)		<input type="checkbox"/> Disengagement :	<input type="checkbox"/> Mitigation :	
Incident Details Who was involved? This is a Sectarian incident report created for the purposes of showing how ITSCI incident reporting and risk management actions are recorded.				
<ul style="list-style-type: none"> Complain: TIN MINING COMPANY Négociant: Leonard KABWE SAESSCAM agent: Joseph KALUMBA 				
What happened? (Give an impartial account based on reliable information sources)				
On 27/09/2011, the agent of SAESSCAM, Joseph KALUMBA, called to attend the depot of Complain Tin Mining Company as a negotiant had arrived with four parcels of coltan which he said were from TANOD mine. However TANOD mine only produces cassiterite. The ITSCI team questioned the negotiant (Négociant KABWE) who admitted that he had purchased the four mine tags for 10,000 CDF from a SAESSCAM agent and he had used the tags to tag some coltan which he had transported from the northern part of the Province from a mine which is not in the ITSCI system.				
The mine tag numbers and corresponding weights were :				
<ul style="list-style-type: none"> 0170001 : 75.3 kg; 0170002 : 76.15 kg; 0170003 : 72.8 kg; 0170004 : 74.4 kg. 				
All of these tags are allocated to the BULA BULA Sector where the SAESSCAM agent is Joseph KALUMBA.				
Provide the names and contact details of the actors involved (state agents, companies, miners, etc)				
Name	Position/Dir.	Name of Service/Group	Telephone.	
Mr Paul	Director	TIN MINING COMPANY	+243 81 445 8976	

Stakeholders Engaged



- Discuss incident reports and ensure their resolution
 - Level 1 for National Govt and iTSCi Governance Committee
 - Level 2 for Provincial Committees
 - Level 3 for Local Committees

- Katanga Province CPP:
 - Governor, Provincial Minister of Mines, Division of Mines, Head of all the state services including SAESSCAM, CEEC, CTCPM, OFIDA, OCC, Anti-Fraud officers, FARDC, Police (PMH and PNC), Cooperatives, Comptoirs, Mining companies, civil society, MONUSCO, NGOs involved in mining sector, iTSCi

- Katanga Local CLS:
 - Territorial Administrator, local representatives of state services (as above), miners associations, traders, traditional authorities, churches, social groups, iTSCi

Incidents Resolved (Aug-Dec 2011)



- Rwanda:
 - No security issues
 - Mainly tagging issues

	CATEGORY				TOTAL	%
	Tagging	Corruption	Security	Human Rights		
Level 1	0	0	0	0	0	0%
Level 2	5	0	0	1	6	25%
Level 3	16	1	0	1	18	75%
TOTAL	22	1	0	2	24	

- Katanga
 - Variety of issues

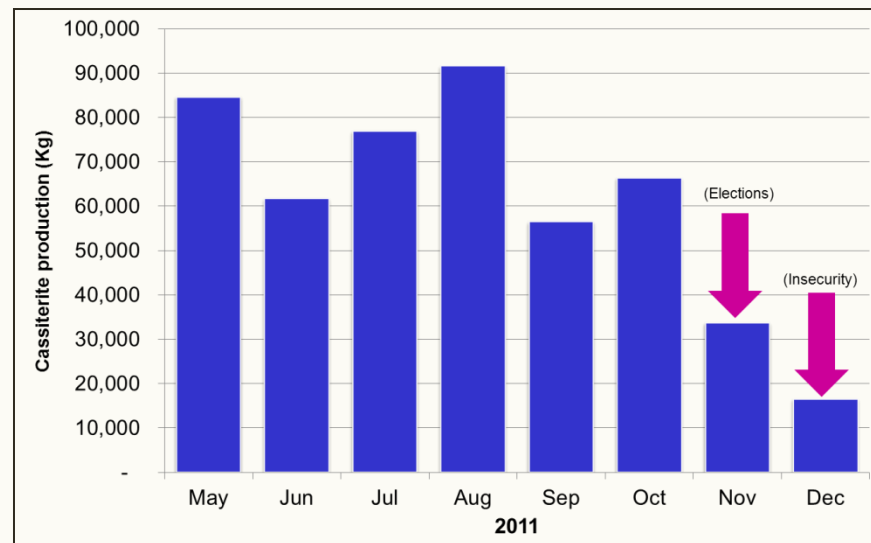
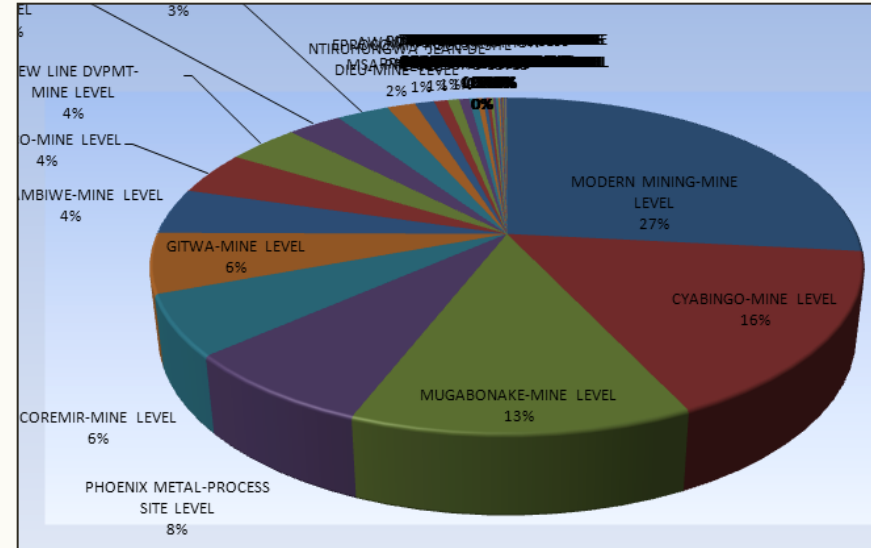
	CATEGORY				TOTAL	%
	Tagging	Corruption	Security	Human Rights		
Level 1	0	0	1	0	1	2%
Level 2	3	2	3	1	9	16%
Level 3	20	7	13	5	45	82%
TOTAL	23	9	17	6	55	

TOTAL now more than 150

Progress in Data Management



- Steps towards data collection
 - *Identify and name* mines, processors, and exporters
 - Adjust for local processes
 - Allocating tags and books to sites
- Working with current practices
- One container may have ~40 sources
- Production often varies
- Report templates being written



Field and Company Audits Trialled



- Field assessments by Channel Research;
 - First Rwanda report published
 - Second Rwanda visit complete
 - but needs re-visit
 - First Katanga report with Government
 - to publish shortly

- Company audits
 - Selection of ~12 from Rwanda, Katanga, and international trader
 - Re-formatting to account for commercial information
 - Checklist revision for next stage

and all related companies because of logistical constraints.
Priority Issues
Serious abuses associated with extraction, transport or trade of minerals; such as inhumane treatment, compulsory labour, worst forms of child labour, gross human rights abuse, crimes against humanity involving any armed group: <i>OECD Annex II para. 1-2</i> <ul style="list-style-type: none"> • Conclusion: No issues found • Sources: Interviews in Katanga, document review, internet research
Direct or indirect support to non-state armed groups through illegal control, taxation, or extortion of mines, mineral transport routes or other actors: <i>OECD Annex II para. 3-4</i> <ul style="list-style-type: none"> • Conclusion: No issues found • Sources: Interviews, document review, internet research
Direct or indirect support to public or private security forces illegally controlling, taxing extorting mines, mineral transport routes or other actors without the appropriate and agreed risk management measures being in place: <i>OECD Annex II para 5 & 10</i> <ul style="list-style-type: none"> • Conclusion: No issues found • Sources: Interviews, document review, internet research
Bribery and fraudulent misrepresentation of the origin of minerals or money laundering: <i>OECD Annex II para 11 & 12</i> <ul style="list-style-type: none"> • Conclusion: Indication of illegal taxation/unofficial support to State agents, indication of fraudulent misrepresentation of origin of minerals • Sources: Financial records, purchase and production records, ITSCI incident reports, interview with ITSCI staff, state agents in charge of the tagging, and external stakeholders
Payment of taxes, fees and royalties due to governments: <i>OECD Annex II para 13</i> <ul style="list-style-type: none"> • Conclusion: No issue identified • Sources: Financial records, tax payment receipts, interview with the management, State authorities and external stakeholders

Continuing progress...



- UN Experts report December 2011, (para 353)
 - *ITRI and TIC...“continue to exhibit a high level of awareness of the guidelines, and have made a significant positive contribution to... due diligence implementation, not least through... iTSCi, which has also helped to build DRC Government capacity in the mining sector, safeguard the livelihoods of miners at tagged mining sites and, according to some North Katanga civil society activists, to reduce corruption among State officials.”*
- Building a responsible upstream supply chain
 - Through continued engagement and progressive improvement
- Now part funded by South Africa-DTI, Regional Spatial Develop’t Initiative
 - Encouraging trade to promote regional development
- Next key steps;
 - Requested by ICGLR to begin activity in Maniema

