



Voluntary Principles on Security & Human Rights Report for the Calendar Year 2019

PREPARED FOR Voluntary Principles Secretariat

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building
local promise.

A. Commitment

A.1 Statement of commitment or endorsement of the Voluntary Principles

Pact is an international development organization with nearly 40 country offices worldwide across Africa, Asia, Europe, and Latin America. Pact enables systemic solutions that allow those who are poor and marginalized to earn a dignified living, be healthy, and take part in the benefits that nature provides. Pact accomplishes this by strengthening local capacity, forging effective governance systems, and transforming markets into a force for development.

Through our 'Mines to Markets' (M2M) program, Pact works extensively with the mining sector at all levels and often in post conflict and high-risk areas. As such, Pact views the Voluntary Principles on Security and Human Rights (VPSHR) as a valuable mechanism and tool to manage risk, achieve improved governance and security practices, and strengthen community rights. The VPSHR creates a forum and coalition for positive change through responsible practices and this presents an invaluable opportunity for civil society, industry, and government to share challenges, lessons, approaches and messages. Such collaboration and communication are essential if all sectors of society are to gain lasting benefit from the equitable and responsible use of their mineral resources.

Pact is a Founding Member of the Voluntary Principles Association (VPA).

B. Policies, Procedures, and Related Activities

B.2 Relevant policies, procedures, and/or guidelines (or any changes thereof from the previous reporting year) to implement the Voluntary Principles.

No change.

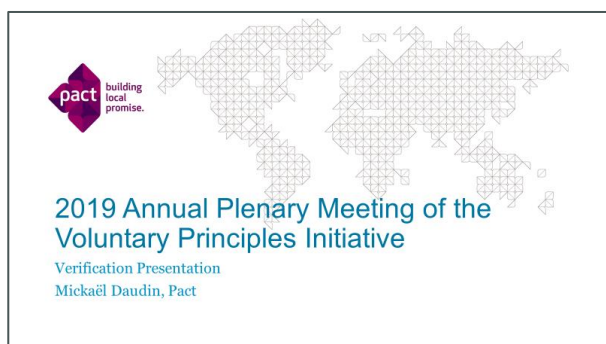
B.7 Examples of promoting awareness of the Voluntary Principles throughout the organization or government.

Pact continues to use risk assessment as an essential management tool to guide our project design and implementation in high risk environments. Training on ongoing risk management is provided to our staff in our M2M programs.

Since 2010, Pact has been working in partnership with International Tin Association and The Tantalum-Niobium International Study Center (T.I.C.) for field implementation of the International Tin Supply Chain Initiative (ITSCI).

The ITSCI program is currently implemented in the Democratic Republic of the Congo, Rwanda, Burundi, and Uganda. ITSCI is a joint-industry initiative that provides traceability and due diligence for 3T (tin, tantalum, tungsten) minerals, in compliance with international, regional and national laws, such as the US Dodd Frank Act and its section 1502 as well as national laws and regulations, and in compliance with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs). To date, ITSCI is the only industry initiative with standards 100% aligned with the OECD Guidance.

B.8 Examples of promoting and advancing implementation of the Voluntary Principles internationally



In 2019, Pact attended the annual VPA Assembly in London. Pact, represented by Mickaël Daudin, conducted a verification presentation, presenting Pact works in the Great Lakes Region. Reviewers included a representative from the Australian government (government pillar) and Woodside (corporate pillar).

Pact also attended the T.I.C. annual conference in October 2019 in Hong-Kong. Pact representative

Mickaël Daudin presented the ITSCI programme, including Pact activities that are linked with the implementation of the VPSHR on the ground.

C. Country Implementation

C.9 Overview of country operations selected for reporting (include any notable changes from the previous reporting year if the same country is being reported this year)

DEMOCRATIC REPUBLIC OF CONGO, RWANDA, BURUNDI, and UGANDA

➤ ITSCI Program

Pact is the field implementation partner of the ITSCI program in the DRC, Rwanda, Burundi, and Uganda. Pact is directly engaged in vetting mines, i.e. verifying conditions at and around the mine as well as along mineral transport routes, and assess whether there are potential links to conflicts. Whenever risks are observed on the ground, based on OECD Due Diligence Guidance Annex II risks and beyond, incidents are recorded, verified, reported and followed-up. Pact/ITSCI teams facilitates regular meetings of 45 local multi-stakeholder committees to promote response to Annex II risks (see chapter C.10 below).

ITSCI supports all stakeholders in the practical implementation of the theoretical recommendations of the OECD Due Diligence Guidance. We provide advice to companies and authorities on a daily basis regarding policies, procedures, assessments, risk management and reporting, and also organize official training events for different stakeholder groups, including the local committees and high-level officials.

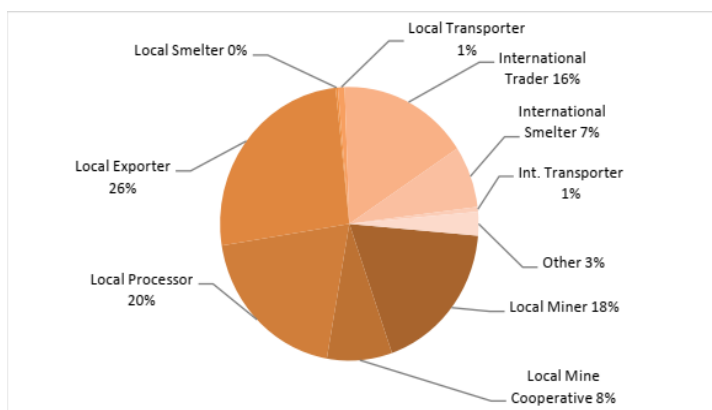
In 2019, Pact/ITSCI teams reported 1,465 incidents related to due diligence, chain of custody, corruption, security, and human rights. At the end of the year, 915 of them were closed, whereas 550 remained open for continuous monitoring and follow-up.

This project is an active demonstration of how responsible comportment of the police and army can be promoted through an industry initiative that incentives security and human rights. The project footprint is now as follows:

Country	Province	Number of monitored sites	Number currently active	Number of miners
DRC	Katanga	208 sub-sectors covering 334 pits	159 are active	25,034
	Maniema	108 sub-sectors covering 420 pits	221 are active	7,242
	South Kivu	73 sub-sectors covering 172 pits	144 are active	9,034
	North Kivu	65 sub-sectors covering 185 pits	100 are active	4,604
Rwanda	All	352 companies covering 973 sites	184 are active	21,487
Burundi	All	164 sub-sectors covering 174 sites	127 are active	8,473
Uganda	All	2 companies covering 6 sites	3 are active	500
REGIONAL	TOTAL	972 subsectors/companies, 2,264 sites/pits	938 active	76,374

Further, the ITSCI system has a corporate membership system, the requirements, and the monitoring/auditing processes of which ensure that these companies are meeting the specific requirements of the OECD Guidance. The corporate membership at present is as follows:

- **437 engaged upstream companies as Full Members;** 281 are evaluated and approved members, 68 in process of application, 231 withdrawn, inactive, suspended or failed
- In a **global upstream supply chain across 44 countries;** 68% in Africa, 16% Asia and middle east, 12% Europe, and 4% in the Americas
- **5 engaged downstream companies as Associate Members;** Apple, Intel, Motorola Solutions, Qualcomm Technologies, Boeing



➤ **Mutoshi Pilot Project**

The Mutoshi semi-mechanized pilot project is implemented by the LSM concession holder, CHEMAF, commodities trader, Trafigura, International NGO, Pact, and various DRC government agencies, including the Service for Assistance and Supervision of Artisanal and Small-Scale Mining (SAEMAPE).

When CHEMAF first acquired the mining rights to the Mutoshi concession, there were already several ASM cooperatives and individual miners exploiting cobalt deposits on the site, representing an important source of income for neighborhood residents. The pit’s location adjacent to a busy road and bustling population center, combined with high-grade ore bodies, made it an attractive ASM operational site and difficult to isolate. Rather than attempting to keep ASM workers out with tall fences, large private security forces and

formal armed groups, a decision was made to allow ASM operations to continue at the site, provided that the workers were able to meet Trafigura's Responsible Sourcing Artisanal and Small-Scale Mining Expectations, developed in consideration of the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as verified by Pact agents present on the ground and regular audits conducted by independent assessor 'Kumi Consulting'.

In October 2018, CHEMAF and the ASM cooperative, COMIAKOL, signed an MOU outlining the terms of their partnership and creating the Mutoshi semi-mechanized pilot project. This MOU included a detailed breakdown of each parties' responsibilities to control health, safety, and human rights risks at the project site as well as how COMIAKOL's mineral production would be purchased for processing at CHEMAF's Usoke refinery in Lubumbashi. COMIAKOL, hired and trained their own security guards, who work in conjunction with private security contracted by CHEMAF to control access to the mining concession and protect assets. COMIAKOL members enter the site only after their worker ID cards and required personal protective equipment are verified by cooperative agents, while other community members selling tools, mineral sacks and food have been informed of the site access restrictions and conduct their business outside the fence.

In addition to many positive economic, social and safety impacts of the project, an independent analysis commissioned by Trafigura¹ found a dramatic decrease in the harassment reported by ASM workers following the formalization project and the complete elimination of bribes paid to corrupt military and public security forces (which some estimated at US\$1.20 – 1.80 per day, per person before the partnership). A significant proportion of the ASM cooperative members are longtime residents of the communities adjacent to CHEMAF's mining concession and the semi-mechanized pilot project site, which contributes to the positive relationships and strong communication on both sides of the fence.

➤ ***USAID-Pact Sustainable Mine Site Validation Project***

The USAID-Pact Sustainable Mine Site Validation (SMSV) Project is a four-year cooperative agreement awarded to Pact by the United States Agency for International Development (USAID).

The project aims to reduce conflict that builds off the illegal mining and trade of 3TG (tin, tantalum, tungsten and gold) by implementing a new Mine Site Qualification and Validation (Q&V) model in North and South Kivu, DRC that:

- Is financially and technically sustainable.
- Meets all requirements in the OECD Due Diligence Guidance (DDG) for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs), the International Conference on the Great Lakes Region (ICGLR) Regional Certification Mechanism (RCM), and DRC law.
- Allows for adequate flexibility on the ground to enable Q&V of new mine sites in a timely fashion and in accordance with local needs.

SMSV will fully build the capacity of DRC Mining Inspectors/Controllers and local multi-stakeholder committees (CLS) to conduct Q&V missions, adequately monitoring mining activities at all sites and addressing/mitigating identified risks at these sites. Independent monitoring will be ensured through a whistleblowing and rapid-alert mechanism.

A particular emphasis will be placed on gender and child labor by:

- Raising awareness of local stakeholders and developing strategies to fight child labor.

¹ <https://www.trafigura.com/responsibility/responsible-sourcing/mutoshi-report/>

- Increasing the representation of women in mining.

The core activity of this project consists in building the capacity of key stakeholders. Pact and its sub-partner BEPATs are training local and provincial committees. At a local level, Pact is training Mining Inspectors/Controllers from state mine services (SAEMAPE and Division of Mines) and all CLS members on understanding all requirements of the Q&V mission—how to prevent, assess, mitigate and resolve risks to keep mine sites validated as ‘green.’ Additional training components include sensitization on child labor and sexual and gender-based violence. Pact is integrating the VPSHR in the training curriculum of local and provincial stakeholders.

C.10 Engagements with stakeholders on country implementation

In the DRC, Rwanda, Burundi and Uganda, stakeholder engagement is carried out a local, provincial and national level through the creation of committees which have a specific mandate to oversee the implementation of the system and to monitor any human rights abuses in the mining sector. These committees meet regularly and submit minutes of their meetings.

Country	Province	Local Consultation and Mitigation facilitated by ITSCI
DRC	Katanga Region*	4 Provincial Committees established for Tanganyika, Lualaba, Haut-Lomami, and Haut-Katanga (all active); plus 8 Local Committees in Manono, Kalemie, Nyunzu, Kongolo, Malemba-Nkulu, Luena, Mitwaba and Busanga (all active)
	Maniema	Provincial Committee established (active); plus 5 Local Committees in Kailo, Kalima, Punia, Kasese and Lubutu (all active) with 1 Sub-Committee in Kampene (active)
	South Kivu	Provincial Committee established (active); plus 16 Local Committees in Nyabibwe, Nyamukubi, Numbi, Lijiwe, Chambombo, Bitale, Lemera, Katogota, Idjwi North, Idjwi South, Mwenga, Shabunda, Mulungu, Nzibira, Luntukulu and Luhago (all active) with 3 Sub-Committees in Lulingu, Matili and Nyambembe (all active)
	North Kivu	Provincial Committee established (active); plus 4 Local Committees in Rubaya, Ngungu, Walikale and Lubero (3 active, 1 inactive) with 2 Sub-Committees in Itebero and Bandulu (both active)
Rwanda	All	National Committee being established No Local Committees established but proposals continue under discussion
Burundi	All	National Committee established and being reactivated; No Local Committees established.
Uganda	Company based	No committees established

* Following a restructuring of provinces in the DRC, Katanga is now split in four different provinces (Haut Lomami, Haut Katanga, Tanganyika and Lualaba).

In 2019, in the South Kivu Province of the DRC, ITSCI also regularly attended meetings from the Voluntary Principles Initiative, a working group funded by DCAF and facilitated by the local civil society organization Observatoire Gouvernance et Paix (OGP). While the focus was mostly on gold mining, several 3T-related incidents were also discussed by ITSCI and other stakeholders. Several actions were taken regarding incidents recorded by ITSCI, such as the dispatch of an investigation mission in a mining area which was occupied by non-state armed groups Mai-Mai Nyatura. This working group also facilitated a dialogue

between Raia Mutomboki fighters and the Congolese army FARDC to encourage the surrender of the armed group.

C.12 Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society (e.g. local NGOs, community groups)

In 2019, in Burundi, Pact worked closely with the Burundi Office of Mines to clearly define the role and responsibilities of the national steering committee with regard to traceability and due diligence. Focus was put on identification and management of risks; facilitation and improvement of collaboration between the different actors in the mining sector; and sharing and analyzing good practices in the mining industry. Members of the National Steering Committee then received a training by Pact on the ITSCI Programme, including issues related to the VPSHR.²

In the DRC, in 2019, ITSCI convened 267 training and coaching sessions, reaching a total of 4,832 participants, including state agents, miners, traders, cooperatives, exporters, state security forces, and local authorities. Participants learned about tagging procedures, due diligence, Organizational Health and Safety (OHS), and the Voluntary Principles on Security and Human Rights (VPSHR).

During the year, Pact increasingly focused on training exporters on Due diligence, including risk assessment for security risks, incidents related to the involvement of state or non-state security forces and the VPSHR. This focus of work will continue throughout 2020.

In Uganda, Pact conducted two formal training sessions on the Voluntary Principles on Security and Human Rights (VPSHR) at one ITSCI company. A total of 30 people participated in these trainings. Beneficiaries included the company staff, the mineral police, and a private security company hired by the mining company. Both mineral police and private security carry out joint patrols at the mine sites to prevent illegal trade of minerals.

D. Lessons and Issues

D.14 Lessons or issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organization

An OECD report released in 2019 found extensive interaction and interface between artisanal and small-scale mining (ASM) and large-scale mining (LSM), both commercially and physically, throughout all segments of the copper and cobalt (2C) upstream supply chain in the Democratic Republic of Congo (DRC)³. Physical interactions, such as ASM workers mining without authorization on privately held LSM concessions, can result in human rights violations and community harassment as observations on the ground indicate that the government and LSM companies seem to increasingly rely on public and private security forces to attempt to clear out these ASM workers.

Bearing the above in mind, the **Mutoshi pilot project**, by using an innovative approach of ASM-LSM cooperation, has proven its success and its capacity to reduce security risks or abuses by security forces.

² See an ITSCI story from the field here: <https://www.itsci.org/2020/01/10/itsci-trains-the-new-national-steering-committee-nsc-in-burundi/>

³ <https://mneguidelines.oecd.org/Interconnected-supply-chains-a-comprehensive-look-at-due-diligence-challenges-and-opportunities-sourcing-cobalt-and-copper-from-the-DRC.pdf>

Each partner brings something different to the table, which is key to the success of that project. ASM workers have been able to continue exploiting ore deposits, increasing their earnings (particularly for female miners), while reducing the incidence of accidents, injuries and illness on site thanks to the technical support, mechanized overburden removal and free healthcare provided by CHEMAF in accordance with the signed MOU. Simultaneously, investing in ASM formalization and capacity building resulted in improved community relations. This has in turn limited costly operational disruptions, while ensuring the company's social license to operate. The unique partnership has drawn praise from DRC government official and key international stakeholders alike. Perhaps most attractive for the project's commercial backers, is the ability to integrate the ASM cobalt mined on their concessions into a responsible supply chain.

Most importantly, this pilot project demonstrates that ASM-LSM cooperation is a viable solution that contributes to advancing the Voluntary Principles and their implementation on the ground.

Similar learnings continue to be made with the **ITSCI programme**. In Uganda for instance, where there has been an ongoing dialogue between one mining company and artisanal miners, as well as training and awareness-raising of these miners, no security incident involving those security forces were recorded in 2019. Also, these repetitive training were positively perceived by artisanal miners who adhered with the rules and regulations. By addressing security risks through the ITSCI incident reporting mechanism as well as in the multi-stakeholder committees that Pact/ITSCI field teams facilitate, the ITSCI programme plays a critical role in making security forces – along with mining companies – accountable and in contributing to the resolution of incidents that involve public or private security forces.