

PILOT PROJECT ON MINERAL CERTIFICATION IN RWANDA

INTRODUCTION

The Rwanda Geology and Mines Authority (OGMR) and the German Federal Institute for Geosciences and Natural Resources (BGR) agreed to undertake a technical cooperation program to strengthen the competitiveness of the Rwandan mineral sector by developing best practice and enhancing transparency.

The joint program “Pilot Project for Building Best Practice in Rwandan Mineral Production” has the following objective and indicators:

- ✚ Objective: The participating pilot mine sites in Rwanda are upgraded to the level of internationally accepted norms and standards by the instrument of Certified Training Chain (CTC).
- ✚ Indicator 1: A final audit verifies that activities at the pilot mine sites are in compliance with the relevant standards.
- ✚ Indicator 2: The production volume of minerals from the pilot mine sites as well as the trading chain of the minerals are traceable.

In this respect, the implementation of the programme has been initiated by a joint workshop with all programme partners in Kigali from 25th - 26th March 2009 with the following objectives:

- a. Develop a set of standards for the pilot mine sites
- b. Improve knowledge and understanding of the compliance mechanism for mineral certification in Rwanda
- c. Develop a detailed working plan.

THE CERTIFIED TRAINING CHAIN (CTC) STANDARD

On the basis of company audits at different mining sites in Rwanda a set of standards each derived from specific provisions in the 'integrity instruments' developed and managed under the authority of the Organization for Economic Cooperation and Development (OECD) were drafted. These include the Guidelines for Multinational Enterprises (2000) and the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones (2006). The OECD Guidelines for Multinational Corporations' international reputation is grounded in the authority of the 39 states that have signed on and have agreed to implement its provisions. These are all members of the OECD plus ten additional ones with a significant commitment to monitoring international enterprises and together, these states generate 90% of all foreign direct investment flows globally. They have a prominent influence over the conduct of foreign corporations operating out of their jurisdictions, as they are home to almost all major extractive industry corporations. The commitment to these OECD Guidelines by these governments is voluntary; however a process is in place, outlined and agreed to by the signatories, for following up and resolving reported violations, and this process has the potential to exert moral, if not political pressure on violators. These features have contributed to making the OECD Guidelines the more reputable and useful of the standard-setting conventions presently available.

For each of the standards, a simple procedure has been devised for measuring company adherence to them. This procedure asks an independent certifier to choose between five levels of compliance: if the company complies fully, the compliance level is 4 and if it does not comply at all, the compliance level is 0. The choice of a number corresponding to a compliance level is justified with an in-depth discussion of the evidence for why one choice was made instead of another. The sum of all compliance levels for all standards then gives a composite score that can be expressed as a percentage of the maximum score; this in turn gives an overall assessment for how close the company comes to fully meeting these standards.

The original set of standards was drafted with the focus on assuring corporate social and ecological responsibility and has been complemented with standards addressing transparency along the trading chain including certification of origin. After consultation on the content of this standard at the 8th annual conference of the World

Bank's initiative Communities and Small-Scale Mining in Brasilia, Brazil, October 2008 five basic principles were established each referring to a thematic cluster and two additional standards added, one referring to gender issues and the other on handling influx migration.

A further step in the CTC consultation process was a workshop on the revised standard held at Fatal Transaction's and Bonn International Centre for Conversion's conference "Digging for Peace - Private Companies and Emerging Economies in Zones of Conflict" in Bonn, 21/22 November 2008. The workshop enhanced dialogue with civil society on the content of the CTC. As the scheme is now entering the stage of implementation of the pilot project in Rwanda bilateral consultations with Rwandan government and other national stakeholders from civil society and industry have been conducted from 25th to 26th of March 2009. According to these consultations the standards have been finalized and adapted to Rwandan conditions.

PRINCIPLES AND STANDARDS

Principle	Standard
1. Origin and volumes of produced and traded goods as well as company payments to host government are transparent.	<p>1.1 Origin and production volume of minerals from the pilot mine site throughout the trading chain are traceable.</p> <p>1.2 Meet fiscal obligations required by host government law.</p> <p>1.3 Publish all payments made to government according to internationally accepted standards.</p> <p>1.4 Actively oppose bribery and fraudulent payments.</p>
2. The company does not use child labour and ensures fair remuneration and work conditions as well as continual improvement of health and safety measures for all employees.	<p>2.1 Maintain salary or payment levels equal to or greater than those in comparable enterprises within Rwanda.</p> <p>2.2 Ensure that no child labourers (age under 16) work on company sites.</p> <p>2.3 Support workers' organizations and collective bargaining.</p> <p>2.4 Provide essential protective and production services to support the work of artisanal miners.</p> <p>2.5 Ensure occupational health and insurance in all company operations.</p> <p>2.6 Provide training for employees and contractors on safety, health and effective use of on-site facilities.</p>
3. The company ensures security on company sites whilst respecting human rights.	<p>3.1 Provide sufficient and adequately trained security forces.</p> <p>3.2 Undertake security risk assessments.</p>
4. The company consults communities in which it operates and contributes to their social, economic and institutional development taking into account gender sensitive aspects.	<p>4.1 Interact regularly with communities and local governments to address grievances and other common concerns.</p> <p>4.2 Support local enterprises to supply company operations.</p> <p>4.3 Implement integrated development programs in nearby communities for livelihood security, social and physical infrastructure and capacity building.</p> <p>4.4 Obtain free, prior and informed consent before acquiring land or property.</p> <p>4.5 Understand the situation and perspectives of the women in the company's area of influence and design and implement company's operations in a gender sensitive way.</p>

Principle	Standard
5. The company seeks continual improvement of its environmental performance	5.1 Carry out an environment impact assessment as the basis for developing an environmental management and protection plan and strategy. 5.2 Properly treat or dispose of hazardous material and waste from its site(s). 5.3 Makes provision for the full cost of rehabilitation upon closure.



ADVANTAGES OF CTC

The exemplary implementation of certification creates islands, where mineral resources are legally produced and traded in a transparent fashion. Certification successively transforms current informal mining into a regulated one. This formalization is a precondition to achieve transparent recording of production and trade, and to reduce conflicts associated with the mining sector.

For international investors, the option of certification opens the door to produce or buy mineral resources in Central Africa without the risk of losing their reputation. This increases investments required for an efficient exploitation of mineral resources. At the same time, traceability of traded mineral resources forces traders and consumers to apply due diligence when choosing their sources of supply. Through this mechanism, the market for non-certified minerals contracts while certified products have a competitive advantage in a global market. Over time, certified trading chains of legal production and transparent trade will therefore expand.

Improved control over production and tax payments of companies belonging to certified trading chains eliminates unofficial payments and increases the officially exported percentage of mineral production. Consequently through wider implementation of CTC in the region, state revenues from mining increase, while illegal powers (rebel groups) lose their access to mining revenues in the long-term.

Summarizing, certification of mineral resources can contribute to

-  promoting transparency,
-  consolidating standards,

- # regulation of the informal sector,
- # building governance capacity,
- # sectoral economic growth,
- # additional state revenues,
- # sustainable use of the national natural resources and
- # Conflict prevention.

Certification can only be regarded as the second best option and would be superfluous in case of total conformity with laws and regulations in line with international sustainability and transparency standards. However, with law enforcement and institutional capacity often weak in the mineral sector of many developing countries, the concept of CTC tries to transitionally fill eventual gaps in sectoral governance. Yet the standards have been developed in compliance with national law and the company's operations involved in CTC must comply with or exceed the requirements of host-country laws and regulations.

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