

6TH ICGLR-OECD-UN GoE FORUM ON RESPONSIBLE MINERAL SUPPLY CHAINS

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Minister of Natural Resources of Rwanda, Minister of State in charge of Mining, for Rwanda, Executive Secretary of the ICGLR, Ambassadors, distinguished guests, good morning and welcome to the 6th Forum on responsible mineral supply chains.

The ICGLR, OECD and UN Group of Experts on the DRC have jointly convened meetings focused on implementation of supply chain due diligence since May 2011. These meetings have included the wide participation of the OECD, ICGLR and partner countries, host governments, industry, and local and international civil society. This is the first time this meeting has been held in the Great Lakes region, and the significant participation of Great Lakes governments, local industry and civil society shows the value of having the meeting here.

Over 375 participants registered to attend this meeting, and large proportion are returning attendees who see the merit of engaging in a multi-stakeholder process to build responsible supply chains of minerals that contribute to long-term growth rather than conflict and instability.

Collaboration is not always easy. This Forum's approach is driven by a multi-stakeholder process, where listening to each other, debating the issues, and working to build consensus around solutions that work for all involved are the priorities. This has inspired the OECD to leverage multi-stakeholder processes further, as it pursues a new Proactive Agenda for the OECD Guidelines for Multinational Enterprises in challenging environments and sectors. The OECD Guidelines was an important source of inspiration for the Guidance is the most comprehensive standard on corporate responsibility. Due diligence in supply chains is a central concept in the Guidelines, for all sectors and all regions. Important messages which can be derived from the Guidelines with respect to our mineral efforts are:

1. It is not a zero tolerance approach, but mistakes can be made, it is a risk based approach!
2. It is not a big bang effort, it is a gradual continuous learning effort
3. It should not lead to embargoes. It is focused on improvement of the situation on the ground. It is not about cleaning your own hands and leave.

This Forum has grown from strength to strength since its inception two years ago. We have moved from talking about the issues to developing the Guidance and its supplements in the 3T and gold supply chains. We have started testing the Guidance in 3T business operations and exploring ways to cut the link between violence and mineral trade. Through the work done in this Forum, as well as in its corridors, new partnerships and market-driven initiatives have emerged, designed to change the dynamics of the conflict economy in the region.

We know that implementation of due diligence is already bearing some fruit. Our final reports from the 3T pilot programme show that leading companies across the world are implementing the Guidance. The UN Group of Experts on the DRC, our co-hosts in this Forum, reported last year that the security situation at some 3T mine sites in the DRC has improved as a result of the implementation of due diligence, although serious challenges and concerns remain, particularly in the supply chains of gold from eastern DRC. We know the security situation can change rapidly, as evidenced by the recent developments on M23 laying down their arms. I look forward to hearing the latest from the UN Group of Experts and others.

Much work has occurred since the Forum last May 2013. On the OECD side, outreach by the OECD Secretariat and members of the Multi-stakeholder Steering Group to key markets and other areas of production, such as India, Colombia and China has taken place. We have stepped up our efforts to train on due diligence raise awareness about the OECD Guidance and how it can be implemented and supported amongst private sector participants as well as countries. The OECD hosted a series of training webinars targeted at the gold supply chains over the summer, with participation from over 250 attendees from a range of OECD and non OECD countries. The Guidance has also been translated into Spanish and steps are being taken to secure Chinese support for a Mandarin translation.

The OECD is also working with partners to develop easy to use guides and tools. Today this Forum will seek to discuss and possibly adopt a DRAFT 3T Best Practice Paper, which looks to set out a common understanding on how to deal with complex issues around fraud in the supply chain, risks discovered after minerals have been traded, and existing stocks.

My central message on this topic is threefold:

1. identifying risks in the supply chain is not per se an indication for a failure. It can be an indication of a good risk system
2. good faith efforts should not be penalized
3. we should not have perverse incentives in the system.

This should not be about encouraging to leave the region, it should be about encouraging responsible sourcing!

Finally, the OECD has set up a hub for artisanal and small-scale mining, and over 60 organisations are participating in this important hub where ASM issues, including on market access and formalisation of ASM are discussed. Finally, the OECD website is now updated regularly and materials, tools and resources are made available to as wide a public as possible.

As we move forward with our implementation efforts, we should remember the broader context: building a responsible mineral sector that contributes to growth and prosperity. The UN Peace Process underlines how regional economic integration and stability are key ingredients for long-lasting peace. So later on this morning we will look into the enablers and incentives for responsible investment and trade in the mineral sector. In this regard, the OECD has on-going work that may be relevant. Since 2012 the 14 Member States of the Southern African Development Community (SADC) are partnering with the

OECD to develop the SADC Regional Investment Policy Framework (IPF). This new framework will include guidelines on tax incentives for investment. The NEPAD-OECD Africa Investment Initiative is ready to similarly partner with ICGLR countries in enhancing the social benefits of mining investment. OECD work with SADC, NEPAD and others on investment policy show that countries have the primary duty in building a responsible mineral sector. And Host Governments have already taken ownership and responsibility at the national and regional levels. The ICGLR have clearly increased their efforts to raise awareness and understanding of due diligence and the Regional Certification Mechanism in the Great Lakes Region. OECD countries have likewise increased engagement in key partners such as China and Indonesia, although more needs to be done.

Now it is time to scale up, with broad support from all stakeholders. This Forum should turn its attention to involving actors and areas where there is little awareness and implementation of due diligence. The gold implementation activities undertaken and planned reflect this need.

As we move forward with our ambitious implementation agenda, the programme could still benefit from:

- Increased funding for on the ground due diligence efforts. In this regard, the OECD is grateful for the generous funding provided by Canada, Switzerland, Sweden and soon the European Union. Without their support, none of this would be possible;
- Continued commitments from host governments and non-OECD countries to encourage their stakeholder groups to participate in this process;
- Increased engagement on the part of OECD countries in commercial advocacy to support wider involvement in responsible sourcing initiatives ;
- Industry leadership to continue with implementation of due diligence and provide innovative solutions that can be scaled-up;
- Engagement from civil society to monitor what is happening on the ground, measure the impact of implementation on-the-ground.

Most of all, we welcome the continued involvement of all of you in this Forum.

Before concluding, I want to underline that the risks associated with production and trade of natural resources in areas of conflict is by no means only an issue for the Great Lakes region. We are here today to focus on efforts being undertaken in this region, but we should recall that the OECD Due Diligence Guidance is global in scope, applying to all conflict-affected and high-risk areas throughout the world. This is a global issue. In April of this year, the UN Security Council recognized the utility of the Guidance beyond the Great Lakes Region when it adopted its Resolution on Cote d'Ivoire and called on the Ivorian government to participate in this Forum to implement due diligence nationally to prevent the production and trade of Ivorian gold from financing conflict. We believe that much of pioneering work being undertaken in the Great Lakes Region, led by the ICGLR and owned by its Member Governments, could help inform other countries as they build a responsible mineral sector. We at the OECD will increase our efforts to involve other countries facing these same challenges.

And as we look elsewhere in the world, we see that the risks associated with conflict financing are also not only an issue for the tin, tantalum, tungsten and gold supply chains. The supply chains of other natural resources, such as timber and precious stones, can face similar challenges. As such, at the end of

this meeting we will take time to reflect on our long-term strategic vision for this Forum, and discuss whether and how our innovative approaches could be useful for the supply chains of other natural resources, and enable other countries affected by conflict to build a responsible and prosperous approach to the management of natural resources.

Let me take the opportunity to thank the Government of Rwanda for hosting the meeting here, and providing excellent support to ensure it's a success.

We look forward to maintaining the momentum to drive change and have a positive impact on the ground for the benefit of all. Thank you for your willingness to engage constructively in this week's meetings, and we look forward to seeing you again in the not too distant future.

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