



## MINERALS AFRICA DEVELOPMENT INSTITUTION (MADI) LIMITED

*Creating an open and constructive environment to support the economic, social and environmental structural transformation of Africa's mineral sector*

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### MADI E-CONFERENCE

#### NEW EU LAW-REGULATION ON CONFLICT MINERALS – SIGNIFICANCE AND IMPACT ON AFRICA'S MINERAL SECTOR, ASM AND INTEGRATION PROCESSES

Thursday, March 25, 2021 from 2 to 5 PM EAT

#### CONCEPT NOTE

On January 1, 2021, the European Union's new Conflict Mineral Regulation came into force. The Regulation brings changes to businesses in EU that import minerals or metals, and smelt or refine them or those that own a due diligence scheme. More precisely because these are the four minerals that are most often linked to armed-conflicts and related human rights abuses. This regulation, which only covers 4 minerals (gold, tin, tungsten and tantalum) aims to:

- ensure that EU importers of 3TG (tin, tungsten, tantalum and gold) meet international responsible sourcing standards, set by the Organisation for Economic Co-operation and Development (OECD);
- ensure that global and EU smelters and refiners of 3TG source responsibly;
- help break the link between conflict and the illegal exploitation of minerals; and
- help put an end to the exploitation and abuse of local communities, including mine workers, and support local development by applying the Regulations set out in a document called 'Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas.

It should be noted that the targeted Minerals and considered to be among the Critical Minerals of the world– because they are essential to the global economy and their supply may be disrupted due to conflicts. Critical minerals are metals that are central to high-tech industrial sectors.

As a result of the new regulation, companies operating in Europe and in most African Countries will, effective January 1 2021, be required to undertake appropriate due diligence across their supply chains to ensure that the mineral and metal inputs to their products do not contribute to any of the above.

More information about the EU Conflict Minerals can be found here:

[https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/index\\_en.htm](https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/index_en.htm)

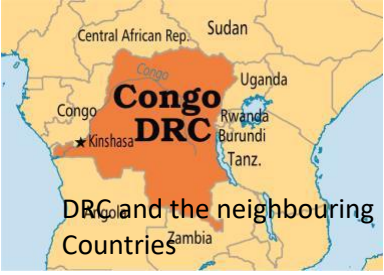
#### **Countries that will be affected by the New Law**

The countries or areas considered to be Conflict-Affected and High-Risk Areas (CAHRAs) are those countries whose natural resources include minerals which are in high demand, either locally, regionally or globally as well as those countries, or areas that are in the state of armed conflict and either suffering

from armed-conflict, such as civil war, a state of fragile post-conflict, or witnessing weak or non-existing governance and systematic violations of international law, including human rights abuses. It should be noted that the Conflict-Affected and High-Risk Areas (CAHRAs) are only in Africa and the 4 minerals are mainly produced by African Artisanal and Small Scale Miners.

The most affected areas are the countries in the Great Lakes Region are mainly 10 out of 12 member Countries of the International Conference of the Great lakes Region (ICGLR) and are composed of the Democratic Republic of Congo (DRC), and the nine neighbouring countries but this extends to quite a lot of other African Countries that could easily be categories as (CAHRAs).

### **The Map of DRC and its neighbouring Countries**

	<p>The Democratic Republic of Congo (DRC) is neighbored by the following Mineral Rich Countries:</p> <ol style="list-style-type: none"><li>1. Congo Brazzaville,</li><li>2. Central African Republic,</li><li>3. South Sudan,</li><li>4. Uganda,</li><li>5. Rwanda,</li><li>6. Burundi,</li><li>7. Tanzania,</li><li>8. Zambia, and</li><li>9. Angola</li></ol>
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This is the most mineral rich Region in the entire continent and highly endowed with the critical and strategic minerals that the world has to have an uninterrupted access to for feeding in green industries.

The European Commission will task a group of external experts to provide a list of conflict-affected and high-risk areas, which it will regularly update. The list will be:

- indicative – it will give an indication of areas that are currently or could be affected by conflict and other related illegal activities; and
- Non-exhaustive – it won't necessarily include every area in the world affected by conflict, which means that companies will have to comply with the regulation when operating in conflict-affected areas that aren't listed.

Although the Regulation will only apply directly to EU-based importers of tin, tantalum, tungsten and gold, whether these are in the form of mineral ores, concentrates or processed metals, indirectly, the Regulation will also promote the responsible sourcing of smelters and refiners of tin, tantalum, tungsten and gold, whether they are based inside the EU or not. This is because EU importers will be required to identify the smelters and refiners in their supply chains and check whether they have the correct due diligence practices in place. Whenever EU importers find smelters and refiners' practices to be insufficient or associated with risks, they will have to manage and report on this.

## **African Vision and Integration Agenda**

While the New EU Conflict Minerals law entered into force on January 1<sup>st</sup>, 2021, on this very day, Africa commenced trading under the African Continental Free Trade Area (AfCFTA). The AfCFTA, the largest (by size) single Free Trade Area under the WTO, provides a large market as well as industrial base for Africa. This will require that goods and services traded under the AfCFTA be produced in Africa. The Private Sector is positioning itself to take advantage of AfCFTA and for the Minerals Sector, promotion is for Regional Value Chains which will put an end to export of unprocessed commodities. This also is in accordance with the realization of the UN Sustainable Development Goals (SDGs), the Agenda 2063, the African Union's Africa Mining Vision and Commodity Strategy as well as Sub-Regional Industrialization Strategies for Africa to promote mineral value addition and beneficiation through '**Resource based Industrialization**' that will create jobs for the youth (the largest Population of young people in the world is in Africa). About 80% of Africa's 1.3 billion people are young people below 35 years.

There is therefore, a need for both the Developed Countries especially (OECD Countries) to have a genuine and frank conversation/dialogue with Africa but at the same time, Africa needs to put in place an Africa Regulation that is in line with the **African Vision** of "*An integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in global arena*" and **Agenda 2063** - "*The Africa We Want*" which is "*A Global Strategy to optimize use of African Resources for the benefit of All Africans*" and "*A Shared Strategic Framework for Inclusive Growth and Sustainable Development*"

### **Aspiration 4 of Agenda 2063: A peaceful and secure Africa**

Mechanisms for peaceful prevention and resolution of conflicts will be functional at all levels. As a first step, dialogue-centered conflict prevention and resolution will be actively promoted in such a way that by 2020 all guns will be silent. A culture of peace and tolerance shall be nurtured in Africa's children and youth through peace education.

***One of the key targets of the Agenda 2063 is "Silencing the Guns in Africa" - Africa believes that ending conflict would be the answer to avoid conflict minerals.***

To achieve the above, Africa must have an African Regulation that governs the exploitation of her vast minerals for sustainable development. The African Union has already developed and endorsed an African Minerals Governance Framework (AMGF) as well as a Private Sector Compact as Africa Mining Vision (AMV) Instruments to ensure that minerals contribute to the Broader African Development Agenda.

### **African Precious Minerals and Metals Association.**

Within the framework of Africa Mining Vision and Agenda 2063 and in its objective of finding home grown solutions to Africa Challenges, MADI has will be calling on African Countries to endorse an African Precious Minerals and Metals Association (APMMA) as a process towards developing an African Regulation for precious Minerals and metals under which the 3TG fall.

### **Context**

In this regards, Minerals Africa Development Institution MADI, organized a very successful E-Conference on the 18<sup>th</sup> February, 2021 on the new regulation, and what the regulation will mean for producer countries (which are mainly African Countries and predominantly with Artisanal and Small Scale Mining (ASM) in these minerals) – particularly those affected by or at risk of conflict as well as those that are commercial hubs for these targeted minerals. At the E-Conference several recommendations were

made including the need for the establishment of the African Precious Metals and Minerals Association, the need for Africa to come up with its own mechanism for the management of conflict minerals and the importance of the ICGLR in minerals certification on Africa among others.

The purpose of this E-Conference II on the new EU Regulation on Conflict Minerals is to discuss further the recommendations that were made during the first E-Conference and come up with concrete solutions and mechanisms to enable African producer countries to comply with the Regulations and work towards strengthening the regional certification mechanism efforts such as the ICGLR.

### **Objectives of the E-Conference**

The objective of the e-conference is to come up with concrete solutions and road for African producer countries to cope with the effect of the EU Regulations on conflict minerals and Africa can support regional certification mechanisms such as ICGLR. Specific objectives include establishing-

- role of the different players along the supply chain (Upstream companies, downstream companies, the EU, producer companies, Regional Blocs, CSOs etc.) in the implementation of the EU Regulation on Conflict minerals
- Impact of EU Regulation on conflict minerals on local sustainable development in producer countries and how African producer countries can manage the impact
- Regional Effort to curb illicit exploitation of Minerals in Africa: The six tools of the ICGLR Regional Initiative to fight against the Illegal Exploitation of Natural Resources.
- impact of Responsible Sourcing Regulations on accessing ASM Gold by refineries in Africa
- Road Map for establishing an African Precious Minerals and Metals Association (APMMA)
- How is the regulation expected to impact domestic/regional mining sector in Africa?

### **Expected Outcomes**

- The EU regulation is explained
- The possible impact of the Regulation on domestic/regional mining sector in Africa is discussed
- The impact of the Regulation on the ASMs is clarified and recommendations for the ASMs are discussed and determined as well as how the recommendations could be enforced.
- Recommendations for the establishment of the African Precious Minerals and Metals Association (APMMA)
- How the parties involved can manage Risks that may arise out of the EU Regulation
- How African producer countries can be assisted in ensuring the EU regulation does not negative impact the minerals sector through:
  - Technical support
  - Capacity building
  - Access to finance
  - Support to Regional Certification Schemes such as ICGLR
  - Supporting producer countries in good extractive governance

- How will the implementation of AfCFTA be affected by the EU regulation and what needs to be done on different levels to enforce the implementation and results of EU Regulation implementation in Africa.
- Participants will understand Africa's Initiatives on Responsible Minerals Resources Development including AMGF, Private Sector Compact and APMMA)

### **Participants**

- The ASM and SSM Operators
- Policy makers and practitioners
- Academicians
- Private sector
- Civil Society
- African Think Tanks
- Artisanal and small scale miners

All stakeholders of the Minerals resource sector

### **Speakers**

Speakers will be from the following Institutions:

1. Government of Uganda
2. Government of Ghana
3. Central Africa Mining Association
4. International Peace Information Service (IPIS) / the European Partnership for Responsible Minerals (EPRM)
5. Independent Experts from the Rhodes Precious Metals Consultancy DMCC and Schubert Commodities Consultancy MCC
6. Minerals Africa Development Institution (MADI)

For more information, please visit our website at: [www.ma-di.org/](http://www.ma-di.org/)

For details about the E-Conference, please contact Mr. Raymond Kudzawu-D'Pherdd on [raymondkd@ma-di.org](mailto:raymondkd@ma-di.org)