



ANNEX IV

Action Document for support to the responsible sourcing and trade of diamonds and other minerals in Sub-Saharan countries

1. Title/basic act/ CRIS number	<p align="center">Support to the responsible sourcing and trade of diamonds and other minerals in Sub-Saharan countries</p> <p>CRIS number: IcSP/2018/41375</p>	
2. Zone benefiting from the action/location	Global, with a specific coverage of Sub Saharan African Countries and regions.	
3. Programming document	Thematic Strategy Paper 2014-2020 and accompanying Multiannual indicative Programme 2018-2020 of the Instrument contributing to Stability and Peace.	
4. Sector of concentration/ thematic area	Priority (e) under Art.4.1 of IcSP Regulation: Assistance to curb use of natural resources to finance conflicts and to support compliance by stakeholders with initiatives, such as the Kimberley Process Certification Scheme, especially as regards implementation of effective domestic controls on the production of, and trade in, natural resources.	DEV. Aid: YES
5. Amounts concerned	<p>Total estimated cost: EUR 6 500 000</p> <p>Total amount of EU budget contribution EUR 5 500 000</p>	
6. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>1) Direct management – grants – direct award with International Peace Information Service (IPIS)</p>	

	2) Indirect management with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)			
7 a) DAC code(s)	15220 - Civilian peace building, conflict prevention and resolution 32210 - Mineral/Mining Policy and Administrative Management			
b) Main Delivery Channel				
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. SDGs	Main Sustainable Development Goal (SDG) 16: <i>"Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels"</i> . Secondary SDG Goal 12: <i>"Ensure sustainable consumption and production patterns"</i> .			

SUMMARY

The overall objective of the action is to contribute to **peace-building and stabilisation efforts** in mineral-rich fragile areas through the promotion of responsible sourcing and trading of diamonds and other minerals in Sub Saharan African countries.

The action will cover the countries Sub Saharan African countries with a general coverage for the Component 1 and a focus on West Africa and in particular on the Mano River Union (MRU) region for component 2.

The objective of the first component is to provide the main stakeholders the relevant information, knowledge and updated recommendations in order to better understand the processes and operate in alignment with principles of responsible sourcing and trade of diamonds and other minerals. In particular civil society will be supported in order to be

empowered and well equipped to actively participate in the Kimberley Process Certification Scheme and due diligence initiatives.

The objective of the second component is to support the Regional Approach to the Mano River belt region of West Africa (Sierra Leone, Liberia, Guinea Conakry, Cote d'Ivoire) to strengthen the implementation of the Kimberley Process in the Mano River Union at the regional and national level, and to enhance the development and livelihood aspects of artisanal mining.

1. CONTEXT

1.1. Sector context /Thematic area

Since the 1990s, natural resources have often been associated with the financing of armed conflicts and the perpetration of serious abuses of human rights in conflict-affected and high-risk areas. Conflict financing through mineral extraction and trade is a major impediment to peace, development and growth in mineral producing and transit countries.

In the early 2000s, the rise in the international price of gold and other minerals led to increased interference by illegal armed groups particularly with mining operations.

Extraction and trade in minerals sourced from unstable regions of the world often provides significant financial means to armed movements to sustain their fighting ability, with serious consequences for millions of people caught in the violence.

The illicit flow of 'conflict resources', most notably diamond, tin, tantalum and tungsten (3Ts) and gold is an important driver of conflict and spoiler of peace in fragile and post-conflict contexts. It is estimated that there are between 10 and 15 million artisanal and small scale gold miners worldwide, including 4.5 million women and 600 000 children, mostly from socially and economically marginal communities in fragile and conflict prone countries.

The sector's lack of policy cohesion and firm government presence results in significant losses to public revenues, undermining government oversight and could have implications for national and regional stability.

Similarly the extraction and trade in diamonds represented an important source of financing for rebel groups during the civil wars in several African countries such as Angola, Sierra Leone and Liberia in the 1990s.

In December 2000, the United Nations General Assembly adopted a landmark Resolution (55/56) supporting the creation of an international certification scheme for the trade in rough diamonds, whose purpose is to ensure that rough diamonds do not finance violence by armed rebel groups.

In the diamond sector the Kimberley Process (KP) is a global tri-partite initiative between governments, civil society and industry, launched in May 2000, under United Nations General Assembly (UNGA) Resolution 55/56 to stop the trade in 'conflict diamonds'. Its purpose is to ensure that rough diamonds do not finance violence by armed rebel groups. The KP currently has 55 participating members (Participants)¹, representing 81 participating countries.

¹ The KP has 55 participant countries: Angola, Armenia, Australia, Bangladesh, Belarus, Botswana, Brazil, Cambodia, Cameroon, Canada, Central African Republic, China, Congo (DRC), Congo (ROC), Côte d'Ivoire,

The joint efforts of governments, industry leaders and civil society representatives have the objective to curb the flow of conflict diamonds. Diamond experts estimate that conflict diamonds now represent a small percentage of the international trade in diamonds, compared with estimates of up to 15% in the 1990s.

However some civil society organisations (CSOs) have recently called for meaningful reforms in the Kimberley Process both in the scope of the definition of conflict diamonds and so as to adapt the internal controls in order to ensure that it remains fit for purpose in a changing world continuing to certify a clean, conflict free and legal diamond supply chain.

The role of civil society in the KP is fundamental to its integrity and credibility, and ensures that the reasons for its establishment - namely protecting communities from the devastating effects of wars fuelled by the profits of the diamond trade - is never forgotten.

1.1.1. Public Policy Assessment and EU Policy Framework

The EU has been actively engaged in the initiative of the Organisation for Economic Co-operation and Development (OECD) to advance the responsible sourcing of minerals from conflict areas, which has resulted in a government-backed multi-stakeholder process leading to the adoption of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ('OECD Due Diligence Guidance').

The Guidance has a global scope and provides the global business community with a practical, five-step risk-based due diligence framework to help companies ensure they are not directly or indirectly contributing to conflict and/or serious abuses of human rights.

The "Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas" adopted on 5 March 2014 by the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy² was based upon the OECD Due Diligence Guidance addressing three main issues: reducing the opportunities for armed groups to trade in tin, tantalum, tungsten and gold (3TG) in conflict-affected areas; improving the ability of EU operators – especially in the downstream section of the supply chain – to comply with existing due diligence frameworks; and reducing distortions in global markets for the aforesaid four minerals sourced from conflict-affected and high-risk areas as is currently the case in the Great Lakes Region in Africa.

The Integrated approach has been followed by the EU Regulation 2017/821 of 17 May 2017 on “supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas”. The Regulation represents a concrete way to curtail opportunities for armed groups and security forces to trade in tungsten, tantalum, tin and gold (3TG) providing transparency and certainty as regards the supply practices of EU importers. From 1 January 2021, EU importers of the 3TG will have to carry out due diligence on their supply chain.

Croatia, European Union, Ghana, Guinea, Guyana, India, Indonesia, Israel, Japan, Kazakhstan, Laos, Lebanon, Lesotho, Liberia, Malaysia, Mali, Mauritius, Mexico, Namibia, New Zealand, Norway, Panama, Russian Federation, Sierra Leone, Singapore, South Africa, South Korea, Sri Lanka, Swaziland, Switzerland, Tanzania, Thailand, Togo, Turkey, Ukraine, United Arab Emirates, United States of America, Venezuela, Vietnam, Zimbabwe.

² JOIN (2014) 8 final

The EU participates in and supports the Kimberley Process as a useful instrument for conflict prevention, promotion of peace and international security with the aim of contributing to the fight against illegal exploitation of conflict diamonds and supporting the sustainable use of natural resources for development.

In the past years, the European Commission contributed substantially to the progress made on the KP reform agenda, especially under South Africa's Chairmanship, in 2013, in particular as regards strengthening the Kimberley Process certification Scheme (KPCS) implementation within its existing mandate. As the Chair of the Working Group on Monitoring (WGM), the Commission helped to guide the KP's careful stewardship of the violence ongoing in the Central African Republic, and the technical support that the KP family is offering to the authorities of the Central African Republic and neighbouring KP Participant countries to ensure profits from diamonds do not fuel further violence

The European Union holds the KP Chairmanship for 2018.

1.1.2. Stakeholder analysis

This action will target a number of stakeholders and in particular:

- National and local government authorities, with the aim of increasing their capacity to monitor and enforce Kimberley Process requirements and due diligence programmes for minerals originating from conflict and high risk areas.
- Regional organisations, in particular the Mano River Union (Guinee Conakry, Sierra Leone, Liberia, Cote d'Ivoire).
- The private sector, which has a key role in identifying and mitigating risks of conflict financing and human rights violations associated with mineral production and trade, as well as opportunities for more responsible supply chains and financing of minerals, gold and diamond extraction and trade.
- Civil society and local communities which have an important role in scrutinising governments and private sector, mobilising consumer concerns, and representing local stakeholders and rights holders. Their contribution is decisive for both the KP and due diligence initiatives.
- Over 500 stakeholders from governments (producing, processing and consuming countries at both the regional and national levels), international organisations, the private sector (including companies and industry associations connected to the tin, tantalum, tungsten and gold mineral supply chains), local and international civil society, and experts (including audit, due diligence and consultancy firms, academics and think tanks) who regularly take part in the minerals implementation programme on a voluntary basis.
- Governments and stakeholders involved in addressing the issues of artisanal and small scale gold mining

1.1.3. Priority areas for support/problem analysis

The main priority areas for support include:

- The institutional framework of the sector and the available tools to monitor and supervise the mining sector and associated domestic supply chain, including the carrying out of

gender-disaggregated baseline assessments and the development and maintenance of appropriate information systems;

- The capacities of the national and local authorities to ensure full compliance with the Kimberley Process, with the OECD Due Diligence Guidance on Responsible Supply Chains and the EU Regulation 2017/821 of 17 May 2017³. Efforts should be undertaken to include relevant Gender Ministries across capacity building activities;
- The technical and professional capacities of relevant national and regional organisations (such as the Mano River Union)
- Artisanal and alluvial mining communities, including women and children, helping to improve conditions of life for mining communities, and open up sustainable alternative livelihoods, and help stem the flow of illicit trade in commodities.
- To work with the private sector so that they better understand what is required of them for KP and EU Regulation compliance, and work with local authorities to highlight risks to supply chain security and promote fair and equitable relations between actors throughout the supply chain with due consideration to redress gender inequities as well;
- The capacities of international and local civil society actors to act as watchdogs for peace, development and responsible sourcing through analysis, research and advocacy.
- The capacities of the Kimberley Process Civil Society Coalition, to play a crucial role in the global reform process of the KP.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Conflict and instability that can delay the implementation of the actions	M	The action will mitigate this risk by adapting objectives and operational ambitions regarding to the different local contexts between regions. Implementing partners' security systems and analyses will also serve to identify risks related to conflict or instability
Lack of Governments' capacities and/or willingness to participate to the actions.	M	The action will mitigate this risk through ad hoc support to and capacity building targeting the Governments and relevant authorities, and engagement at Ministerial level where possible at high level fora.
Shrinking space for civil society organisations to work on natural resources impacts their ability to do	M	The EU will engage with stakeholders to promote the importance of the continued engagement with civil society partners.

³ Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017

analysis, research, provide training.		
Impact on CSO actors of the pressure from interest groups in preventing reform agenda's in the diamond sector.	M	Solid organisation of work with relevant networks; Information exchange and collaboration within the KP CS coalition members to develop a strategy to address pressure.
The benefits of smuggling may be higher to both the agencies regulating the extraction and trade processes and the communities living along these borders.	M	The action will mitigate this risk by working closely with the National and Regional authorities. The action will also encourage international buyers to engage with local producers in order to build on the benefits of a long term economic relations.

Assumptions
The Governments recognise the need for improved governance in the diamond and other minerals' sectors to address the problem of smuggling, and ensure return of tax revenues. Political will exists to adopt legal and regulatory changes necessary for dealing better with natural resources.
The security situation remains stable enabling the efficient implementation of the action.
Governments recognize added value of cooperation at regional level on KP and due diligence specifically and mining sector governance more generally.
Local actors, private sector and civil society organisations are conscious of the importance of governance of the mineral sector and are willing to cooperate to achieve common goals.
Interest amongst security personnel, border and customs officials to implement the KP and fight smuggling.
International market actors are willing to engage with local actors and to purchase locally produced and traded responsible minerals thus contributing to the elaboration of effective incentive structures for formalisation.
Civil society maintains its engagement in the KP civil society coalition and its role in the KP is recognised as fundamental in the reform process.

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1. Lessons learnt

The EU approach to the promotion of responsible sourcing of diamonds and other minerals is based upon the principle of an "integrated approach", which implies the mobilisation of a variety of tools.

The activities aimed at strengthening regulatory and policy coherence with the due diligence approach in third countries need to be accompanied by support for the creation of economic and development opportunities for artisanal and small-scale miners. A key challenge remains how to operationalise normative standards for responsible business conduct. In this respect the

following lessons can be learned from past experiences in supporting the artisanal and small-scale mining sector:

- Need for the adoption of a clear legal framework that commits the governments and other actors to clear standards for example, the KP, the International Conference of the Great Lakes Region (ICGLR) and the OECD Due Diligence Guidance on Responsible Supply Chains;
- Need for a commitment from the governments to the creation of an enabling policy environment that promotes responsible artisanal production and trade: e.g. provision of security of tenure; appropriate fiscal regime; fair and accessible licensing; provision of better mining services; access to equipment and creation of stable employment opportunities, etc;
- Need for due diligence practices to be understood, carried out and reported on by the private sector; conversely, need for these practices to be monitored by governments and civil society; chain of custody systems are tools that lend themselves to the carrying out of due diligence in particular in the gold sector;
- Need to map out and understand how women and other potentially vulnerable groups participate in the diamond and minerals supply chains to ensure that they derive benefit from interventions and are not further marginalised;
- Need for formalisation (i.e. improving technical capacity, safety procedures, economic management skills) of artisanal and small-scale producers;
- Need to ensure that upstream and downstream stakeholders' motives are understood so as to introduce effective incentive structures;
- Need to strengthen the technical capacity of miners and facilitate access to financing opportunities; these opportunities should be extended to those working in auxiliary services (such as women selling goods and food, etc.);
- Need to facilitate links between producers and downstream legal buyers and refiners with more direct connections to the international markets.

With regard to the Kimberley Process, the following lessons learned can be gathered from previous experience of EU support.

- **Property Rights:** Work on clarification and strengthening of property rights at various stages of the mining process has been carried out under other programmes such as Property Rights and Artisanal Diamond Development (PRADD)⁴ and demonstrates that resource conflicts can be significantly reduced through security of tenure and by providing incentives for investment and the mitigation of adverse environmental impacts. In this respect, there are several actions that can yield better KP compliance such as improved traceability of diamonds from the point of extraction to the point of export, systems for the registration of miners, adaptation and reform of mining laws and regulations. The positive results achieved by the PRADD project in Cote d'Ivoire point to the important benefits achieved at local level in reducing conflict through formalisation of actors and mining

⁴ see section 3.2 for further information.

concessions, awareness-raising of local communities, support to civil society voices and promotion of alternative livelihoods⁵.

- **Regional approach:** Experience in developing a regional approach in the Mano River Union shows that there is a need for ensuring political buy-in on a clear set of technical proposals. Identification of suitable regional actors to promote and champion the work was also critical in the Mano River Union, to ensure institutional ownership and momentum.

3.2. Complementarity, synergy and donor coordination

This action is complementary to several initiatives, including:

- The EU strategy on access to raw materials, as outlined in the Raw Materials Initiative and the European Innovation Partnership on Raw Materials .
- The EU Corporate Social Responsibility (CSR) Strategy which promotes responsible business conduct, in particular with respect to compliance with internationally agreed CSR principles and guidelines such as the OECD Guidelines for Multinational Enterprises and the 2011 UN Guiding Principles on Business and Human Rights.
- The support to the African Mining Vision endorsed by the African Union in 2009 to ensure a transparent, equitable and optimal exploitation of mineral resources as well as its implementing body, the African Minerals Development Centre and to the implementation in the region of global responsible sourcing initiatives on conflict diamonds, transparency and forestry products (KPCS, Extractive Industry Transparency Initiative -EITI, Convention on International Trade in Endangered Species of Wild Fauna and Flora -CITES).
- As concerns the Great Lakes Region, the Joint Communication on a "Strategic framework for the Great Lakes Region" outlining a coherent and comprehensive EU approach at regional, national and local level to the different roots of the crisis and the support to the International Conference on Great Lakes Region (ICGLR)'s Regional Initiative on Natural Resources through funds from the Instrument for Stability.
- The 2030 Agenda for Sustainable Development: mining activities modify landscapes and can have long-term impacts on communities and natural resources due to their physical degrading nature, as well as their use of chemicals and other harmful substances. Moreover, mining is often associated with deforestation, soil erosion, land degradation, air pollution, ecosystem disruption and water contamination. This action will thus be carried out mindful of the objectives in the 2030 Agenda for Sustainable Development.

From the specific angle of the Instrument contributing to Stability and Peace (IcSP), this action is complementary to the following initiatives:

- The successful cooperation with the United States' Agency for International Development under the "Property Rights and Artisanal Diamond Development" (PRADD) programme (EUR 1 million under AAP 2012 of the

⁵ "Mineral supply chain and conflict links in Eastern Democratic Republic of Congo", OECD / IPIS (2015). Available here: <http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf>.

Instrument for Stability (IfS) and EUR 1 million under AAP 2015 of the IcSP) which particularly focused on helping Côte d'Ivoire comply with the KPCS requirements.

- The work undertaken by the Joint Research Centre (JRC), to support the Commission in its role as Chair of the KP Working Group on Monitoring (WGM) by helping to monitor implementation of the KPCS.
- The ongoing cooperation with the OECD on the implementation programme of the "Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High-Risk Areas" (IcSP AAP 2016)
- The work led by GIZ to support the 'Regional Initiative against the illegal exploitation of Natural Resources' launched by the 'International Conference for the Great Lakes' (IfS AAP 2013)
- the "EU-UN Partnership on land, natural resources and conflict prevention", supported by the EU in 2008-2014 through the IfS and through which joint assistance was provided to third countries to prevent and address natural resources related conflicts.

This action is also complementary to different EU initiatives and actions in the mining sector:

- The EU supported the launch of the "European Partnership for Responsible Minerals" (EPRM), a public-private partnership aiming to increase the demand for and supply of responsibly-sourced minerals from conflict-affected and high risk areas.
- A specific action of the European Commission approved in 2017, aims to promote, in the Great Lakes Region, peace and stability supporting, among others, a regional initiative against illegal exploitation of natural resources

3.3. Cross-cutting issues

The action will ensure "gender mainstreaming". It is estimated that approximately 30% of the world's artisanal miners are women who occupy a number of roles ranging from labour-intensive mining methods to the processing aspect of artisanal mining, including amalgamation with mercury in the case of gold extraction.

Human rights can be positively affected by a better governance of the mining sector, in particular of diamonds and gold. These minerals are an important factor of conflict and hatred between religious communities, hampering the effort of reconciliation. Respect of civil as well as social rights can be notably improved.

In addition, the action will also deal with environmental issues by the worst effect of mining on the environment: i.e. the impact on watercourses and the contamination of water, the use of mercury and deforestation.

i) Gender equality

All initiatives will ensure that women representation is addressed, as historically in mining men have been the dominant factor. Emphasis will also be made to ensure that increased opportunities are given to women technical personnel during capacity building initiatives as there is an reduced number of women active in the technical aspects of artisanal mining as

compared to men. Women's role in artisanal mining communities will also be considered. This will also be done at the level of policy dialogue and strategic frameworks.

ii) Environmental sustainability

The environmental impact of artisanal mining has been largely neglected over the years. Emphasis will be placed throughout the intervention to improve these aspects while at the same time bringing the importance of safe guarding the environment to the forefront. This will include working with partners involved in environmental regulation while at the same time including environmental safe guards as part of miner and community trainings. Environmental discourse will be introduced into the development of strategic frameworks and the development of tools and guidelines **taking into account clearly defined environmental standards and performance indicators**. Regarding artisanal and small scale gold mining, EU action will build on and support implementation of the guidance issued by the Minamata Convention on mercury.

iii) Good Governance

The importance of good governance will play a central role, especially as this intervention aims to work with communities and aspects of development at this level to reduce the incentives for smuggling. The KP has made significant strides in transparency and accountability and this importance will stressed to ensure that the importance of everyone having a voice is made clear in the course of this work. The dangers of corruption and the long term effects of this will be highlighted, as there are many lessons to be learnt from this within the region.

4. DESCRIPTION OF THE ACTION

4.1. Objectives/results

The **overall objective** of the Action is to **contribute to peace-building and stabilisation efforts in mineral-rich fragile areas**

This overall objective is reflected in the following specific objectives and results, which are outlined hereby in relation to the two different components of this Action

The first specific objective is:

- a) More responsible sourcing and trade in diamonds and other minerals in compliance with the Kimberley Process Certification Scheme and OECD Due Diligence in Sub-Saharan African countries.

The **results** for this specific objective are:

1. The main stakeholders engaged in the sourcing and trade of diamonds and other minerals operate in alignment with principles of responsible sourcing and trade, and, where relevant, KP minimum requirements.
2. Civil Society is empowered and equipped to actively participate in the Kimberley Process Certification Scheme and other due diligence initiatives thereby assisting in preventing illicit diamond trade and other commodities from fuelling violence and conflict in the sector.

The second Specific Objective is:

- b) Support the Regional Approach to the Mano River belt region of West Africa to strengthen the implementation of the Kimberley Process in the Mano River Union at the regional and national level, and to enhance the development and livelihood aspects of artisanal mining.

The **results** for this second **specific objective** are:

- 1: Strengthened capacities of national governments to implement the KP, better regulate artisanal mining and capture revenue in line with the AMV and MRU regional agreed upon interventions and policies within the four MRU countries.
- 2: Increased capacities of the Mano River Union Secretariat and other relevant national and regional bodies to combat smuggling reduce illicit economies and improve conditions for mining communities involved in artisanal mining.
- 3: Networks/platforms comprising all key stakeholders and in particular the Civil Society are created to contribute to compliance with KP standards and create better conditions for artisanal mining within the MRU.
- 4: Pilot electronic reporting system on diamond and gold exports, are developed to strengthen traceability and license administration.

4.2. Main activities

For the **first specific objective**, "*More responsible sourcing and trade of diamonds and other minerals in compliance with the Kimberley Process Certification Scheme and OECD Due Diligence in Sub-Saharan African countries*" the main indicative activities are the following:

- a: Ensure that participants in multi-stakeholder initiatives in the field of responsible sourcing have an improved understanding of the main challenges in maintaining the conditions of peace in fragile and post-conflict contexts.
- *conduct of research, production and dissemination of reports.*
- b: Ensure that strategies and actions to alleviate illicit resource flows from the Central Africa region are put into effect.
- *identify systems and networks of illicit trade flows in Central Africa region.*
- c: Move the due diligence approach to responsible sourcing to the next level, better linking the upstream and downstream segments of the supply chain.
- *Enable downstream actors to identify and address challenges to progress the conflict diamond and other minerals agenda towards efficacy at the upstream stage through concrete recommendations.*
 - *Provide high quality information and analysis to the participants to multi-stakeholder initiatives and responsible sourcing networks.*
- d: The Kimberley Process Civil Society Coalition is strengthened through joint research, capacity enhancement activities based on an existing needs assessment, and reinforced networks.

- *The KP CSC members are supported to engage in active participation and representation, to conduct research and to produce working documents in support of better diamond governance.*
- e: Through collaboration and training, local CSOs are empowered to cope with and address attacks and intimidation, and mitigate risks:
- *Development of a security toolkit for CSOs on techniques, technologies and procedures, in ENG and FR, and give guidance to the users in its application.*
 - *Follow-up to ensure that direct partners adopt security policies and guidelines, and implement best practices.*

For the **second specific objective** "*Support the Regional Approach to the Mano River belt region of West Africa*" the main indicative activities are the following:

f) Enhanced policy exchange at regional and national level

- *Review of existing legislature, policies and regulations surrounding the management of artisanal mining and acquiring of artisanal mining licenses within the MRU*
- *Support of national tri-partite KP working groups in each MRU member country, involving governments, industry and civil society.*

g) Improved border management in relation to precious minerals by security organs within the MRU region

- *Support to customs and border agencies.*
- *Support to border communities and civil society actors.*

h) Improved management of the artisanal mining sector and reduction in incentives for smuggling through improved livelihoods

- *Improving livelihoods in mining communities.*
- *Capacitating national regulators in each country.*
- *Improved collaboration between law enforcement authorities, mining authorities and communities.*

i) Creating Opportunities for increased involvement of civil society actors in the KP and artisanal mining

- *Capacity building measures for Civil Society Actors.*
- *Creating a space for Civil Society Organizations Discourse on regional and national level.*
- *Gender Safeguarding of the KP.*

j) An online electronic reporting system, accessible to the public, is piloted in one country for the export of diamonds and gold

- *An electronic online reporting system will be piloted possibly in Sierra Leone.*
- *Improving traceability and solidifying reporting lines.*
- *Strengthening revenue collection.*

4.3. Intervention logic

Both the Kimberley Process and the *"Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas"* were designed with the objective of curbing the link between exploitation of natural resources and conflict and of harnessing responsible investment and trade to drive change and create a peace dividend. This necessarily involves the promotion of gender equity and gender inclusiveness in risk mitigation and conflict prevention (in keeping with UNSCR 1325 on Women, Peace and Security).

This action as indicated in section 4.1 and 4.2, promoting responsible sourcing and trading of diamonds and other minerals in conflict-affected and high-risk areas can help contribute to peace-building and stabilization efforts of and within mineral-rich fragile areas as well as to economic development, poverty alleviation and peace-building.

The approaches are intended to cultivate transparent supply chains and sustainable corporate engagement in the mineral and in the diamond sectors with a view to enabling countries and their respective populations (men, women and children) to benefit from these resources, also by providing sustainable economic revenue for the State in a critical period of stabilisation.

5. IMPLEMENTATION

5.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2 and 4.3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of where financing agreement is concluded or, where no financing agreement is concluded from the adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute Budget technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3. Implementation modalities

The Action will be implemented through two contracts:

- Grant: direct award (direct management) with International Peace Information Service IPIS
- Delegation agreement (indirect management) with GiZ.

5.3.1. Grant: direct award (direct management) with International Peace Information service IPIS

Justification of a direct grant

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring IPIS as beneficiary due to its role in the Kimberley Process, its fields of specialisation and past experience and technical competence in the above mentioned areas.

Founded in the late 1970s by members of the peace movement in the region of Flanders, in the early 2000s IPIS evolved into a research center working field research in difficult circumstances and areas that were hard to access. Typical research subjects were the privatisation of conflicts (mercenaries, private military companies], arms trafficking (illegal trade, violations of embargos, arms brokers, licensed arms production in third countries], and conflict financing from illicitly exploited and traded goods (3TG, diamonds and precious stones].

In the last decade, IPIS developed an increased specialisation and focus. The geographic focus was deliberately narrowed to Sub-Saharan Africa. IPIS' activity is mainly concentrated around the region of the Great Lakes in its widest sense: the Democratic Republic of Congo (hereafter: DRC], the Central African Republic (CAR], and East-Africa (Uganda, Kenya and Tanzania]. IPIS has also worked in South Sudan, Chad, Cameroon, Uganda and Burundi.

The main thematic focus is the field of Natural Resources. IPIS' activities on the matter of conflict minerals were driven forth by its role as supplier of highly specialised information and analysis for NGO networks and coalitions such as Fatal Transactions and EurAc, and by considerable research assignments funded by various donor governments, OECD and World Bank. Through research and analysis, IPIS has been actively participating to support and monitor emerging regulatory schemes such as the Kimberley Process and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The research puts strong emphasis on the effects of such initiatives on the ground, and on the perspectives and perceptions of local communities. In all streams of work, IPIS has brought the perspective that the problematic of sourcing from (post-) conflict areas cannot be narrowed down to conflict financing of armed groups and non-state actors, but must be faced with a strong focus on human rights and sustainable development.

IPIS has demonstrated a track record of success in research and capacity enhancement activities, connecting a strong desk-based analytic capacity with intimate knowledge of the local dynamics, and direct experience with all actors on the ground.

Following its role as a trusted source of high-quality information and advice by governmental actors, civil society, and private sector alike, IPIS is centrally placed to work as an information hub and sparring partner for policy development.

IPIS is currently one of the 10 members of the Kimberley Process Civil Society Coalition and the only one based in a EU Member State. Because of its position IPIS can take up a central role to support the Coordinator of the KP CSC and all the Coalition members.

The maximum possible rate of co-financing for this grant is 100%.

The direct grant is expected to be signed during the third quarter of 2018.

5.3.2. Delegation agreement (indirect management) with GIZ

This action may be implemented in indirect management with GIZ in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the support to the support the Mano River Union in the field of responsible minerals.

This implementation is justified because of GIZ's specialisation, past experience and technical competence in the above areas across the Mano river belt region of West Africa. GIZ is developing an on-going programme in the Mano River Union (MRU) financed under the IcSP (AAP 2015) focusing on the management of natural resources, including diamonds, supporting the MRU Governments and MRU Secretariat to implement the KPCS through regional cooperation. The proposed project represents a new enlarged phase of this support to the MRU

GIZ has already established a strong working relationship with the MRU technical committee on energy and mining and the Ministries responsible for the mining sector in the MRU member states. Before the ongoing IcSP project GIZ supported the MRU mining sector since 2009. For many years, GIZ has been the sole actor on the ground to provide support to the MRU Secretariat with an important budget (the financial volume of its support being approximately of EUR 11 million for the period 2009-2015). Recently the African Development Bank (AfDB) has engaged with the MRU Secretariat to support the regional harmonisation of minerals tax and licensing regimes. The AfDB in the preparation of this grant relied strongly on technical support from GIZ. In addition, GIZ is the only partner organization of the MRU Secretariat with a relatively broad mandate at multiple levels. GIZ areas of support encompass support to the MRU Secretariat, but also include capacity development of the relevant national Ministries and they have a staff of advisers and administrative officers on the ground, bringing solid human, technical and managerial resources to manage additional financial supports from third-party donors.

GIZ would carry out budget implementation tasks that may include inter alia the provision of technical assistance and consultancy services, organisation of seminars/conferences/study visits/events, communication activities, awarding grants to fund pilot actions.

The maximum possible rate of co-financing for this grant is 100%.

The delegation agreement is expected to be signed during the third quarter of 2018.

5.4. Indicative budget

Component	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Component 1: Support to the KP Civil Society		
5.4.1. Grant: direct award (direct management) with IPIS	2,500,000	N.A.
Component 2: Support to the Mano River Union		

5.4.2. Delegation agreement (indirect management) with GiZ	3,000,000	1,000,000
Total	5,500,000	1,000,000

5.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

5.6. Organisational set-up and responsibilities

Each project will be managed by the responsible implementing partner in line with its internal procedure.

On the EU side, the Contracting Authority will set-up an inter-service group gathering the concerned EU Delegations, European Commission services (in particular DG DEVCO, DG TRADE, DG GROW) as well as the European External Action Service.

5.7. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8. Evaluation

The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner

country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9. Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

LOGFRAME MATRIX TEMPLATE

The logframe matrix will evolve during the lifetime of the project: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting on the achievement of results as measured by indicators.

	Results chain	Indicators	Baseline (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	<p>The broader, long-term change which will stem from the project and a number of interventions by other partners i.e. to which this project will contribute</p> <p>To contribute to peace-building and stabilisation efforts in mineral-rich fragile areas.</p>	<p>Measure the long-term change to which the project contributes.</p> <p>To be presented disaggregated by sex.</p> <p>It is normally not appropriate for the project itself to try and collect this information.</p>	Ideally, to be drawn from the partner's strategy	Ideally, to be drawn from the partner's strategy	To be drawn from the partner's strategy.	
Specific objective(s): Outcome(s)	<p>The direct effects of the project which will be obtained during the lifetime of the project and which tend to focus on the changes in behaviour or welfare resulting from the project</p> <p>SO1: More responsible sourcing and trade in diamonds and other minerals in compliance with the Kimberley Process Certification Scheme and OECD Due Diligence in Sub-Saharan African countries</p> <p>SO2: Strengthened regional approach to implementation of the Kimberley Process in the Mano River region</p>	<p>Measure the change in factors determining the outcome(s).</p> <p>To be presented disaggregated by sex</p>	The starting point or current value of the indicators.	The intended value of the indicators.	Sources of information and methods used to collect and report (including who and when/how frequently).	Factors outside project management's control that may impact on the outcome-impact linkage.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Outputs</p>	<p>The direct/tangible outputs (infrastructure, goods and services) delivered by the project.</p> <p>OP1.1 The main stakeholders engaged in the sourcing of, and trade in, diamonds and other minerals are better informed on the principles of responsible sourcing and trade.</p> <p>OP1.2 Strengthened capacities of national governments to implement the KP</p> <p>OP1.3 Civil Society is empowered and equipped to actively participate in the Kimberley Process Certification Scheme and other due diligence initiatives</p> <p>OP1.4 National networks/platforms comprising key stakeholders and in particular Civil Society are created to contribute to increased compliance with KP standards</p> <p>OP1.5 High quality information and analysis developed for the participants in multi-stakeholder initiatives and responsible sourcing networks</p> <p>OP2.1 Increased capacities of the Mano River Union Secretariat and other relevant regional bodies to combat smuggling and reduce illicit economies</p> <p>OP2.2. increased policy exchanges at</p>	<p>Measure the degree of delivery of the outputs. To be presented disaggregated by sex.</p>	<p>Idem as above for the corresponding indicators.</p>	<p>Idem as above for the corresponding indicators.</p>	<p>Idem as above for the corresponding indicator.</p>	<p>Factors outside project management's control that may impact on the output-outcome linkage.</p>
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	<p>regional level OP2.3 Regional networks/platforms comprising key stakeholders and in particular Civil Society are created to contribute to increased compliance with KP standards OP2.4 Increased capacity of customs and border agencies.</p> <p>OP2.5 Reviews of existing legislature, policies and regulations surrounding the management of artisanal mining and artisanal mining licenses within the MRU involving, civil society, Parliaments, local authorities and Courts of Auditors, if relevant. OP2.6 Improved collaboration between law enforcement authorities, mining authorities and communities.</p>					
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