



The Responsible Sourcing of Minerals for Peacebuilding

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Closed-pipe supply chain emerged as a response to the growing awareness on conflict minerals from the eastern Democratic Republic of Congo (DRC). While it encounters challenges in implementation, it has a potential for conflict prevention and peacebuilding.

Author's note: *This article is a shorter version of the article “Emerging practice in responsible supply chain management: Closed-pipe supply chain of conflict-free minerals from the Democratic Republic of Congo” in Business and Society Review.*

Conflict minerals

The eastern provinces of the DRC are endowed with minerals such as tantalum, tin, tungsten and gold (3Ts and gold) that have wide ranging applications, especially in small-size, high-tech equipment like smartphone. However, the eastern DRC has been plagued by armed conflict and insecurity since 1996, generating one of the world's worst humanitarian crises. The crisis claimed more than five million people's lives and caused approximately 2.2 million Internally Displaced Persons as well as 487,000 Congolese refugees. In addition, the widespread sexual violence in the area has attracted a label of the “rape capital of the world” from the former UN Special Representative on Sexual Violence in Conflict.

The 3Ts and gold extracted and traded from the eastern DRC have been blamed for financing and sustaining armed conflict in the area over the past decade and have been called “conflict minerals”. Concerns for the conflict

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minerals have grown significantly owing to the [growing global demand](#) for these “technology minerals”. NGOs including [Global Witness](#) and the [Enough Project](#) have been advocating that companies have been funding violence and armed conflict by purchasing minerals from the areas controlled by armed groups and calling for action by governments and mineral uses. Electronics industries are often criticised as they use a large portion of “technology minerals” and have been proactive in ensuring their supply chain responsibility.

However, the link between the armed conflict and mineral resources is rather [complex and appears](#) to be interconnected with underlying socioeconomic and political issues in the area. In the context of economic collapse, poverty, lack of infrastructures and weak governance, these minerals are often extracted from informal and unregulated artisanal mining and traded in the informal economy.

A paradigm shift in supply chain management

Given the increased awareness of the conflict minerals issue, there has been an intensifying effort to address conflict minerals as a key human rights challenge facing the global supply chain. The most prominent is the UN business and human rights framework, “Protect, Respect and Remedy”, developed in 2008. The [framework](#) highlights the corporate social responsibility (CSR) to respect human rights and acknowledges due diligence as the necessary process not only to comply with laws but also to avoid any risk of harm to human rights.

Human rights due diligence implies that companies can be associated with human rights abuse within their supply chains and requires them to effectively trace minerals. While it is difficult to establish traceability owing to the

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extensive and complex global supply chains, human rights due diligence became a requirement when the Dodd-Frank Wall Street Reform and Consumer Protection Act was enacted in the US in 2010. Though Section 1502 conflict minerals provision of the Act does not forbid purchasing of conflict minerals, companies must perform supply chain due diligence.

Nevertheless, the move is augmented by several other initiatives.

- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2011) has been accepted as the international standard.
- The UN Security Council Resolution 1952 (2010) urges due diligence when operating in the 3Ts and gold mining sectors in the DRC.
- The DRC government legislation (2011) requires supply chain due diligence in line with the above two guidance.
- The International Conference on the Great Lakes Region (ICGLR) Regional Certification Mechanism entails the above OECD Guidance.
- The European Union legislation (2017) is similar to the above US Dodd-Frank law.

Such a human rights due diligence approach has created a fundamental change in the supply chain management of conflict minerals in two ways.

Firstly, performing human rights due diligence in minerals supply chain means extending producer responsibility to an entire supply chain, covering the very upstream supply chain at the ore extraction stage.

Secondly, the development of legislation such as the Dodd-Frank Act has made supply chain management legally binding, signalling a departure from the

voluntary supply chain management through codes of conduct.

Responsible supply chain management

There has also been an observed change from conventional supply chain management to responsible supply chain management. Conventional supply chain management focuses on meeting the service requirements with operational efficiency and therefore entails constant shifting between producers to adjust to various changes in the globalised world. In contrast, responsible supply chain management is a core part of CSR strategies to manage long-term environmental, social and economic impacts throughout the supply chain. Through purchasing activities, companies can develop a long-term collaborative relationship with suppliers and improve their suppliers' social and environmental performance.

A [study](#) suggests a different responsible supply chain management approach creates a demarcated territory, which includes all suppliers for responsible sourcing. Based on the commitment to invest in, and source from, the demarcated zone, companies can use their purchasing power to influence local state authorities and suppliers in improving social and environmental impacts.

Closed-pipe supply chain

The paradigm shift in supply chain management triggered the advent of demarcated territory for responsible sourcing. The two examples below of closed-pipe supply chains in the eastern DRC illustrate this shift.

Solutions for Hope Project (SfH)

SfH were launched by [Motorola Solutions Inc.](#) and [AVX Corporation](#) in 2011 as a pilot project to secure conflict-free tantalum from Katanga Province. It is a closed-pipe supply chain with a defined set of suppliers, including artisanal miners and mineral buyers at the Mai Baridi, Kisengo, and Luba mines, the concessions of the [Mining Mineral Resources SPRL \(MMR\)](#). It implements the [International Tin Research Institute \(ITRI\) Tin Supply Chain Initiative \(iTSCi\)](#) (a chain of custody system) at the mines. It also incorporates the [Certified Trading Chains \(CTC\)](#) (responsible production standards in small-scale mining) and the [ICGLR Regional Certification Mechanism](#).

The project made a significant investment including providing the finance to join the iTSCi and capacity building of local suppliers and government agents. It also signed a contract with a private security firm and the Congolese Police to block armed fractions in the mine sites.

Conflict-Free Tin Initiatives (CFTI)

CFTI is a pilot project established by the Dutch government and industry partners in 2012 to source conflict-free tin from South Kivu province. It aims to promote responsible sourcing and economic development in the DRC, using a vertically-integrated supply chain and some schemes including the iTSCi, the OECD Guidance and the ICGLR framework. It assists the reform initiatives by the DRC government involving local civil society and has improved the working conditions and health and safety standards at the mine.

Moreover, the CFTI has a local [whistle blowing mechanism](#) involving thirty multi-stakeholder members. The mechanism has shown considerable progress in its monitoring and reporting quality; however, there was a smuggling operation involving the Congolese army at the mine. Though the mine remained open

during the security incident in North Kivu in 2012, the incident made the CFTI recognise security as a crucial operational priority.

Challenges for closed-pipe supply chain

The SfH and CFTI have been evaluated as reliable and seem to be successful in supplying conflict-free minerals from the eastern DRC. While they await participation from more companies, these closed-pipe supply chain projects have presented some challenges, especially in the integrity and sustainability of the projects.

Firstly, there is a grave concern about the robustness of the monitoring system to maintain the integrity and credibility of the closed-pipe supply chain. This is **mainly due** to the rampant smuggling operations which are connected with the armed forces and high-level corruption in the area.

Secondly, the security dynamics in the area have been fluid. They can threaten the operation of the existing conflict-free mine sites and makes finding other mine sites to replicate the initiative difficult.

Thirdly, the initiatives need more participating buyers to make them economically viable, hence require more and steady production. If the above two issues are not addressed, the initiatives are not able to scale up and will not be sustainable.

Peacebuilding potential of closed-pipe supply chain

Although there is a risk for the above challenges to undermine the initiatives completely, there are some positive features to the closed-pipe supply chain

considering the potential of the approach to help conflict prevention and peacebuilding in areas where resources play a role in conflict.

First and foremost, the long-term commitment made by the closed-pipe supply chain participants enables opportunities to provide useful skills, knowledge and expertise for responsible production and to improve labour and environmental standards and livelihood.

Therefore, the closed-pipe supply chain can foster sustainable collaborative relationships amongst the stakeholders which **could transform** the socio-economic structures in producer communities. The **transformative relationships** could build host communities' capacities for sustainable community development and influence issues relevant to the conflict background.

This model contrasts with conflict sensitivity approach based on “do no harm”. Such **an approach**, including the boycott and certification scheme, may serve to reduce risks for companies but does not address the existing issues of development and human rights violation in producing countries. So the conflict sensitivity approach does not solve existing conflict or prevent potential conflict.

From the above, the closed-pipe supply chain is considered to employ a transformative approach and constructive engagement with a broad range of stakeholders. Therefore, it resonates with **conflict transformation scholarship**, which stresses holistic change at all levels to transform structural, cultural and relational causes underlying the conflict. As such, it has a potential to play the role of business in peacebuilding. as described by Nelson: “proactively create positive societal value by optimising the external multipliers of their own

business operations and engaging in innovative social investment, stakeholder consultation, policy dialogue, advocacy and civic institution building”. There is a need to involve even wider stakeholders and gather support for this potentially innovative peacebuilding approach by ensuring security in the area.

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