

Advisory Board Meeting Summary

held on 13th July 2022



Advisory Board members present

Stacy Hope [chair women]	Women In Mining UK
Auguste Mutombo	IDAK
Benitha Tambwe (on behalf of Paul Mabolia)	CTCPM
Holger Grundel	Levin Sources
Hugh Brown	Photographer
Jared Connors	Assent
Nicole Hanson	LME
Nikolaus McLachlan	GIZ
Richard Robertson	RMAC Global
Sebastian Vetter	BGR

FCA Steering Committee Members present

Anne-Marie Fleury	Glencore
Ga Yee Park	LG Energy Solutions
Jaap Borstrok	Signify
Jose Diemel	Fairphone

FCA Secretariat Members present

Alexandra Lukamba	The Impact Facility
Alex Deprez	
Assheton Stewart Carter	
Candice Jumwa	
David Sturmes	
Laura Gerritsen	
Valentijn Eschauzier	

Abbreviation	Definition
AB	Advisory Board
AFA	Alternatives for Action
AMP	Artisanal Mineral Producer
ASM	Artisanal and Small-scale Mining
BGR	Bundesanstalt für Geowissenschaften und Rohstoffe (BGR)
C4D	Cobalt for Development
CAMI	Cadastre Minier / Mining Cadastre
CARF	Centre Arrupe Pour La Recherche & La Formation / Arrupe Center for Research and Training
CEEC	Certification, Expertise, and Evaluation and Centre / Centre d'Expertise, d'Evaluation et de Certification
CMDS	Coopérative Minière pour le Développement Social
CTC	Certified Trading Chains
EGC	Entreprise Générale du Cobalt
FCA	Fair Cobalt Alliance
IIED	International Institute for Environment and Deveopment
MSI	Multi-Stakeholder Initiative
OHS	Operational Health and Safety
SAEMAPE	Service D'Assistance et D'encadrement de IL'exploitation Minierw Artisanale et a Petite Echelle
ZEA	Zone d'exploitation artisanal

Background

In April 2022, the FCA launched its Advisory Board, a volunteer group formed to offer non-binding advice to the Secretariat and Steering Committee of the FCA, and operate according to separate written terms of reference approved by the Steering Committee, currently under development. The AB brings unique knowledge and skills that augment the FCA Steering Committee's knowledge and skills to guide FCA in attaining its objective more effectively.

The board consists of subject matter experts, practitioners and civil society members willing to help shape the further development of our approach and the evolution of our programme on the ground. The board convenes twice a year. It is led by a chair person nominated annually by the members and the board tenure is three years.

The composition of the AB includes expertise in all the different workstreams to enable rounded advice. This includes:

- Artisanal mining & ASM best practice
- National & international mining regulation
- International mineral supply chain due diligence
- Children rights and child labour remediation
- Multi-Stakeholder Initiative governance

AB membership is limited to 20 members, nominated through direct invitation by the FCA Secretariat on behalf of FCA Members. The advice offered by the board shall be published on the FCA board and included in the annual report.

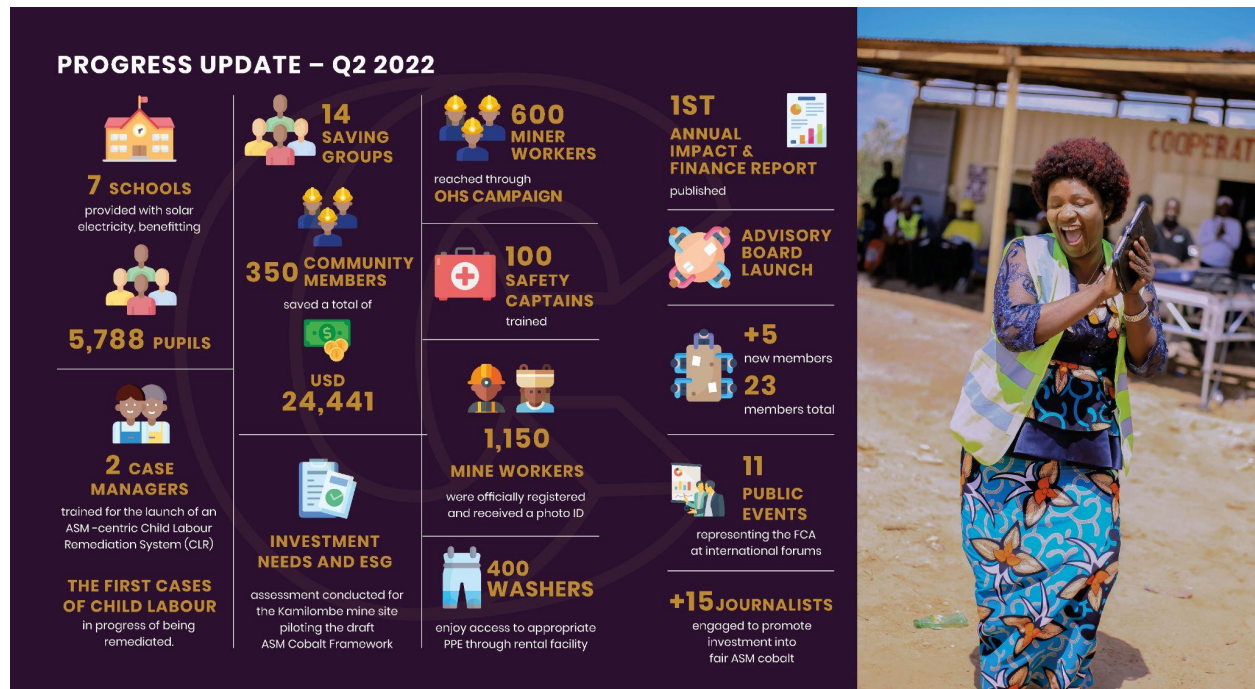
Meeting Agenda

1. Opening
2. Introduction of FCA's DRC Country Director Alex Deprez
3. Recap of the inaugural kick-off session
 - a. Draft ToR for Advisory Board
 - b. AB Skills Matrix
4. DRC Update
 - a. Political developments
 - b. FCA Progress q1-q2 2022
5. FCA 2025 Strategy Discussion
 - a. Summary of feedback received
 - b. Open round of feedback from the group
 - c. Current bottlenecks as experienced by FCA
 - i. Achieving Site Legality
 - ii. FCA's Fundraising Approach
6. Any other Business (AoB)
7. Closure

Meeting Summary

I. FCA Progress – Q2 2022

The secretariat highlighted its progress over the six months as indicated in the [FCA Q2 Quarterly report](#) and summarised in the graphic below.



Key highlight: The Investment Needs and ESG assessment recently conducted at the Kamilombe mine site, a partner of the FCA, indicates that an estimated \$2.5 million will be needed to make meaningful interventions in Operational Health and Safety (OHS) key to which is the improvement of ventilation of the site and the roll-out of PPE across the entire mine site which is at the moment limited to the washers of the cooperative.

To operate at scale, including management and child labour remediation costs, the estimated cost would go up to \$4-5 million over 2 – 3 years

AB Questions

What were the criteria for choosing participants for the saving groups?

The cooperative's longest-serving and active members were prioritised when onboarding members for participation. The FCA is about to undertake a mid-project evaluation to measure the impact of its interventions so far, including the impact of the saving groups on its participants. The evaluation will be completed in the coming weeks.

What are other alternative livelihood options being considered?

Although limited by budget constraints, the following options are also under consideration for the future:

- The FCA team sees a lot of potential in agriculture, here looking to train young people in agri-entrepreneurship in the future with the support of its partner CARF.
- Access to energy; Here looking at facilitating the expansion of solar entrepreneurship by providing portable solar lamps and charging cell phones as a service provided to the community by entrepreneurs who will be onboarded to the programme in the future.
- The FCA is in conversation with a local bank on how to facilitate graduates of the saving groups to qualify for microloans. The discussion with the bank also includes potential in-kind support in raising the financial literacy of the AMPs where some have already been trained in business plan development.
- The FCA and its savings group implementing partner, AFA (Alternatives for Action) are conducting a data gathering exercise to understand their income levels and needs to provide a baseline for alternative interventions.

What is the sustainability and scalability of depending on donor financing to facilitate mine safety concerns?

The FCA is in discussion with some of the regional industrial off-takers to consider providing working capital to the cooperative in exchange for discounts on the cobalt price. To de-risk their investments, the FCA plans to leverage donor financing to provide transparency, monitoring and training, derisking their investments. The proof of concept will be needed at 2 - 3 pilot sites before the FCA can graduate to operating without blended finance.

Coopérative Minière pour le Développement Social (CMDS), the FCA partner mine site in Kamilombe, has expressed interest in this approach as it can position itself as a bigger trading actor in the community localising the trade in a sector currently dominated by foreign traders. Such an intervention's profits will be reinvested into mine improvements.

II. How can the FCA structure and improve its approach on economic diversification?

Context: AMPs claim fraudulent practices in weight and purity assessments and lack trust in current systems. Recent estimates suggest a daily wage of \$14 for ASM compared to the \$3.50 average wage in the country, hence the willingness to take on increased personal risk.

FCA's ambition is to diversify income opportunities to turn ASM into a choice rather than the default option and offer individuals not interested in mining a way out. The idea is to incubate and enable local entrepreneurship outside the mining sector to enable dignified ASM, an increased possibility when other alternatives exist. Here, the FCA is keen to explore how to maximise the local content of industrial miners to benefit AMPs and the communities surrounding their concessions.

AB Discussion:

- To enable their sustainable transition, the FCA and its partners should consider providing business support to allow this.
- The FCA should seek to continue working with experienced and established local partners, providing capacity support where feasible to enable the sustainability of such interventions.
- The first alternative livelihoods to be considered should include auxiliary services that still serve the mining community to provide a gradual way out of the sector.

A few members of the AB are interested in joining a working group to dive deeper into facilitating alternative livelihoods. The secretariat will follow up on this.

III. FCA 2025 Strategy Discussion

Context: With the steering committee's consultation, the secretariat drafted the document in late 2021 and early 2022 to detail the role and ambition of the FCA in the ASM cobalt space by the year 2025 in the effort to achieve its goals. This was before the convening of the AB. Some written feedback from the AB has already been received.

a. Summary of feedback received

- The members expressed interest in reviewing the internal KPIs for 2022 and the budget available for programmatic activities. This will be facilitated either through individual calls with those keen on this or in a separate session if the interest cuts across several members. As the 2022 budget was set before the convening of the first AB Meeting, AB members will have oversight over the budget in the coming years.
- Rounded stakeholder consultation that includes civil society and the government at both the local and national levels should be considered when finalising the document.
- The FCA should consider having a single-page elevator pitch of the organisation for downstream engagement and recruitment.
 - A separate document exists for pitching to potential members of the FCA, and AB members are welcome to refine it.
- FCA mine productivity approach in the document was commended as increased production eventually leads to increased wages for AMPs.
- The strategy interventions focus on the Kamilombe mine site. The secretariat should consider reframing the document around scalable and systemic interventions that are not limited to the cooperative to ensure the scalability of the approach across sites, even in the absence of the alliance.

a. Current bottlenecks as experienced by FCA

Achieving Site Legality

Context:

Most ASM sites operate on industrial mine concessions at the moment, and ASM-LSM coexistence is a persisting issue. About 60 ZEAs are primarily inactive due to a lack of geological data proving sufficient mineralogy. The mining code does not enable LSM engagement with ASM from a commercial basis; hence civil society organisations are lobbying for the legalisation of artisanal miners operating on defacto “illegal sites” or informal mine sites.

To de-risk investments, the legality of mine sites is a precondition to investments for sites supported by the FCA if scalable multi-year funding opportunities are prioritised. FCA is thus engaged with the government to support legalisation efforts.

Entities designed to provide ASMs and cooperatives with technical and financial assistance, such as CTC (Certified Trading Chains) and SAEMAPE (Service D'Assistance et D'encadrement de L'exploitation Minierw Artisanale et a Petite Echelle) are to be engaged. Here leveraging other voices in the space, including Cobalt for Development (C4D) and IIED (International Institute for Environment and Development). The FCA plans to also leverage potential investment commitments to catalyse the process.

AB Discussion

- In the coming months, Bundesanstalt für Geowissenschaften und Rohstoffe (BGR) will be working on addressing the lack of geological data to address the current issue of dormant ASM concessions.
- One approach to consider to get ZEAs to work is targeting industrial concession holders interested in signing public MoUs with cooperatives with the potential co-signing of local and national governments. Downstream

members of the FCA can be leveraged to advocate for the opening up of industrial concessions to ASM.

- Some government-owned mining companies with industrial licences seem to have informal off-take agreements with ASM that are not adequately monitored - a potential loophole that can be studied to see how systemic engagement with artisanal cobalt miners can be optimised while mine site legality remains a challenge.
- Pragmatically, the current situation of ASM may not change soon as many individuals in power in the country have a vested interest in maintaining the current status quo of ASM in the country for financial benefits. This is because cooperatives' majorly prevalent 'illegal' status makes them easier to work with, corrupt, and influence.

ZEA challenges limiting some of the proposed interventions:

- ZEA's can be legally revoked with a 90-day notice and reallocated to an industrial miner considered more suitable for mineral exploitation.
- ZEA's are legally limited in mechanisation as they are restricted in using heavy machinery, limiting any ambition to operate open-pit mines that would enable compliance with the in-country tunnel depth limit of 30 metres.
- The practice of the Ministry of Mines discourages MoU arrangements with ASM, as industrial miners entering into such agreements would likely lose their permits for this reason.

IV. FCA's Fundraising Approach

Context: The FCA is keen on collaborating with industry peers to ensure that the MSI is seen as an enabler and not a potential competition.

Discussion:

- The MSI should consider looking into the FEC – the DRC Chamber of Commerce – and find potential areas of collaboration. Here aligning the ambitions of the FCA with the government's local content ambitions.

- Four government divisions under the Mining Ministry need to be approached and marketed to differently. These include:
 - a. CEEC: regulates and evaluates mineral exports
 - b. SAEMAPE: offers ASM extension services
 - c. Division de mine: implements the mining code
 - d. CAMI: approach the allocation of permits that balances economic return for the country while accounting for human development.

- The FCA should also consider engaging with the National Investment Promotion Agency under the DRC Ministry of Planning to find areas of alignment.