



International Conference on the Great Lakes Region

Regional Programme of Action for Economic Development and Regional Integration

Project No. 3.2.2

Regional Mechanism for Certification of Natural Resources Proposal

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1. Introduction

In paragraph 44 of the Dar-es-Salaam Declaration adopted in Tanzania on 20 November 2004, the Heads of State and Government of the Great Lakes Region expressed their profound commitment *to promote regional policies and strategies for the diversification and enhancement of sources of income, competitiveness of productive sectors, rational management of land resources, sustained and sound management of vital regional natural and environmental resources such as aquatic ecosystems, mineral deposits and forests of the Congo Basin, as well as sustainable human settlements.* The Heads of State and Government also pledged to *elaborate a regional strategy for the development of agriculture, fisheries, livestock breeding and agro-industry, as well as irrigation policies aimed at reducing dependence on rainfall patterns and climatic changes.* These commitments reflect the political determination the strategic vision necessary for the articulation of a project aimed at the realization of the objective of the establishment of an effective regional mechanism for the certification of natural resources.

In order to be successful, any attempt to develop a Certification Scheme for natural resources in the Great Lakes Region must take cognisance of emerging global trends in the conservation, development and management of such resources, including:

- (a) **The decentralization and devolution of administrative responsibilities to sub-national entities, for example, provinces, districts and local governing bodies.** Decentralization needs to be carefully managed, especially in areas where past conflicts might become re-ignited, as this would undermine the proposed Certification Scheme;
- (b) **The increasing acceptance and use of participatory approaches, including community-based management and joint natural resource management.** Such approaches highlight the critical need to ensure that all stakeholders recognize and understand the role that certification schemes could play in protecting their resources and contributing towards their development and quality of life; and
- (c) **Policy and institutional changes which affect the role and ability of the private sector to exploit certified material.** No certification scheme can realistically hope to be effective unless the private sector recognizes the benefits inherent in participation and compliance and establishes effective mechanisms to guarantee the commitment and full participation of producers and traders alike in the natural resources concerned. Effective certification has the potential to improve value addition and therefore improve the earnings and tax revenues from the natural resources that are traded within and between borders.

2. Background

In the past, a lack of political will and weak governance has tended to contribute to the burgeoning illegal exploitation of natural resources in the Great Lakes region. A number of examples exist where national Governments have joined forces to address this kind of concern in other parts of the world. A wealth of technical expertise is therefore available to

provide guidance on the establishment and implementation of the envisaged Certification Scheme for the Great Lakes Region, should the participating countries wish to draw thereon.

Historically, the illegal exploitation of natural resources has played a key role in triggering and financing conflict in many parts of the Great Lakes Region. This is therefore an important problem that needs to be confronted as a matter of urgency. In recent years, the region has witnessed orchestrated cross-border pillaging of natural resources, ranging from gold, diamonds, and other gemstones, Colombo–tantalite, or “Coltan” (timber – especially so-called “precious woods”), cultivated crops (coffee and tea), livestock and indigenous flora and fauna (including frogs, butterflies, green parrots, medicinal plants and unique genetic material). Experience has shown that all natural resources can in some way or other contribute to the perpetuation of conflict.

One of the main constraints to effective natural resources conservation, development and management in the Region is policy failure and weak governance. All too frequently, given the demands that are made on governments to deliver across a range of pressing priorities, the management of natural resources has tended to be relegated to a lower priority than other more pressing issues, or has tended to be managed by way of outdated legislation and regulatory frameworks. Information about the changing trends in natural resource management practices at the global level is not always considered important. Some of the challenges in the Great Lakes Region which relate to the abovementioned emerging trends in natural resource management include the need for effective coordination within Governments and between the different levels of Government, efficient and effective information sharing, conducting ongoing awareness campaigns, and the need to provide targeted education and training programs, in order to ensure effective implementation of compliance regimes.

In the Great Lakes Region, the lack of a functioning mechanism for the certification of natural resources affects the Great Lakes Region as a whole and acts as a deterrent to much-needed development. A significant amount of groundwork will be required before certification can become a reality in the form of a fully functioning certification scheme for natural resources, however. In the initial stages, most of the attention should inevitably be process-oriented, building awareness, developing and coordinating the necessary policies, establishing legislative and regulatory frameworks that will lay the foundation for an enabling environment for the realization of an efficient and fully-functioning mechanism for the certification of natural resources.

3. A Certification Mechanism

The main prerequisite for natural resource certification is that there are adequate policies, legislation and capacities to implement an effective certification process. This prerequisite poses significant challenges to many countries which have yet to align their natural resource policies and legislation so as to ensure a transparent and equitable share of applicable benefits and services. There are also other prerequisites before any envisaged Certification Scheme can be effective in the Great Lakes Region.

- Firstly, certification should be locally driven if it is to be viable. To be effective, this should be combined with a strategy to enhance local knowledge and skills about the certification mechanism and its requirements;
- Secondly, the expected benefits of certification must exceed the costs. The costs of some schemes may be prohibitive, particularly if they call for the use of certain high-tech tools;
- Thirdly, certification can only be an effective incentive if the desirable changes in natural resources management can be realized in the short-to-medium term; and
- Fourthly, one critical aspect which cannot be overemphasized is the role played by the private sector. Without the buy-in of the various industries concerned, any Certification Scheme for the Region is almost bound to fail. Using the example of the Kimberley Process, it is ironic that it took the threat of a massive consumer boycott (spearheaded to NGO community, who waged a highly effective media campaign), to bring together Governments, industry and civil society united behind a common purpose. The absence of the same sense of urgency is a major constraint to the development of an effective Certification Scheme for Great Lakes Region. Governments cannot expect to be successful without obtaining the clear commitment of the relevant industries to this project. This is perhaps the greatest of all the challenges that must be overcome.

While other certification schemes may provide examples of models that might be emulated or adapted to circumstances in the Great Lakes Region. In the final analysis, the countries of the GLR should seek to draw on available expertise in order to develop a certification mechanism that is appropriate for prevailing conditions. In addition, agreement on the exact scope and objectives of the proposed Certification Scheme should be reached through consultations between participating countries.

4. Scope of the Project

The development of an all-encompassing Certification Scheme for the Great Lakes Region that covers every natural resource that could conceivably have the potential to contribute to and perpetuate conflict is far too ambitious an undertaking. Success in certifying natural resources in the Region across such a wide range of resources simultaneously is not possible. Priorities need to be identified and agreed, therefore, in order to concentrate on the most important resources, those that have contributed to or have the potential to contribute to conflict. It is recommended, therefore, that this project will therefore focus on the development of a Certification Scheme in the Great Lakes Region designed to certify the *origin* of those natural resources that have been shown to be an urgent priority for the Region, and for which significant international support had been mobilized, namely high-value mineral resources and timber.

Each participating country should identify those priority natural resources that might benefit from inclusion in the Certification Scheme. It should be remembered, however, that this project envisages a regional Scheme. In this regard, a word of caution is offered: It should be noted that international conventions, for example CITES, already govern the exploitation and movement of rare and endangered species. Duplication of existing

international measures to monitor and control the exploitation of natural resources in the Great Lakes Region would be very costly, and achieve little additional impact, if any. It is very important, therefore, for the development agenda of the Great Lakes Region to be selective in determining the final scope and number of natural resources that will be covered by the proposed Certification Scheme, at least initially.

It is important to stress that the design of the Certification Scheme on paper should translate easily into effective implementation. Any Certification Scheme for the Region must of necessity be comprehensive in nature, based on the achievement of specific objectives and agreed standards and contain clear provisions for labeling, monitoring, auditing and enforcement measures, in order to assure effectiveness. In the final analysis, the design, development and implementation of the envisaged Certification Scheme for the Great Lakes region would require a pragmatic and carefully-considered trade-off between participating countries on issues such as costs of implementation, commercial confidentiality and national sovereignty.

The Certification Scheme should take cognizance of the nature of the different commodities concerned, as well as the fundamental differences between them. Certain commodities are not easily traceable to their original source, making certification difficult without cumbersome and costly control measures. Other commodities are of high value and are easily concealed and transported.

In the Great Lakes region, much groundwork is needed before certification takes root and is implemented effectively. Most of the attention should therefore be process-oriented, building awareness, establishing the necessary policies and creating an enabling environment for an efficient mechanism for certification of natural resources.

It is important to note that, since diamonds are already covered by the Kimberley Process, which has its own minimum requirements, those countries participating therein are not free to adopt other certification, especially if these do not meet the minimum requirements of the Kimberley Process, as this may jeopardize their continuing participation in the Process.

5. The project strategy

It is envisaged that this project will be executed through the coordinated and cooperative joint effort of all eleven participating countries and will result in the strengthening of regional cooperation and relevant institutions. It is further envisaged that the development and implementation of a Certification Scheme for the Great Lakes Region would be effected in two phases of a minimum of five years each. Due to the enormity and the complexity of the task, some degree of flexibility in timelines is unfortunately required, however.

The execution of the first phase of the project is expected to take a minimum of five years and to involve regional as well as country-specific interventions. Some significant degree of flexibility is required when identifying next steps, in order to make provision for expected difficulties in reaching agreement on the fundamental characteristics of a Certification Scheme for the Great Lakes Region, on the understanding that the national interests and individual circumstances of participating countries are as much divergent as they are common. During the second phase, it may be expected that over a period of five years or

more, this project will culminate in the establishment of a regional Certification Scheme for natural resources in the Great Lakes Region.

In order to reach this objective, the following must be achieved:

- The establishment of a regional forum for consultation on the exploitation of natural resources and the development of a Certification Scheme;
- The drafting of a regional communications strategy with a view to the launching of a sustained regional public awareness campaign;
- The enactment by each participating country of a comprehensive national legislative and regulatory framework for the implementation of such a Certification Scheme;
- The implementation by each participating country of a national data recording system to facilitate analysis and reporting in order to meet the minimum requirements for compliance with the Scheme; and
- The implementation of a regional training program in all technical aspects of the certification of origin of high-value mineral resources and timber.

The four main components of the project are discussed in more detail below. Regional and national processes essentially need to take place in tandem and complement each other, since progress at each of these levels feeds into the processes being undertaken at the other. In the first phase, the first two years will focus on processes and activities that will need to be undertaken at the national level, followed by the concomitant regional dimension, which will be carried out over the remaining three years. As such, each component detailed below includes both national and regional dimensions, however.

(A) Assessment of natural resource production potential

The objective of this component is to further develop within each participating country an 'inventory' of its natural resource status, in the form of a geological survey to determine potential exploitation capacity. Such estimation would help to provide the necessary baseline data and statistics.

Therefore, each country should take stock of what exists within its borders and make this information available to a local office for certification purposes. This component's specific activities are:

- The collection of all available data on mineral and timber resources in core countries;
- The determination of the estimated value of the natural resources available in each core country;
- The preparation of a detailed analysis of each type of mineral and timber resource available in each of the core countries and their geographical or geological distribution; and
- The preparation of geological maps outlining the location of the abovementioned mineral resources and other forestry maps outlining the distribution of the various timber resources.

The development of such national inventories is expected to be a time consuming process. It should be noted that updated assessments of national reserves in the context of this proposal are “nice to have”, but the completion of such assessments is not essential in order to commence with the implementation of the envisaged Certification Scheme. Implementation could commence while geological surveys continue. However, in circumstances of disputes surrounding the certification of origin of a commodity, geological estimates of existing reserves and their distribution can contribute to a reasonably accurate assessment of actual production capacity and the potential for future production capacity.

(B) Formulation of a policy framework for integrated natural resources conservation, development and management

As outlined above, the envisaged Certification Scheme must be comprehensive in nature. It should therefore be based on the achievement of specific objectives and agreed standards and contain provisions for labeling, monitoring, auditing and enforcement measures, in order to assure effectiveness.

This component of the project will support the development of a generic policy framework for the preparation of a RCMNR (Regional Certification Mechanism for Natural Resources). This process begins with a regional forum for consultation in order to exchange views on the desired objectives and standards for the Certification Scheme in order to promote the development, responsible exploitation and sustainable management of the relevant mineral and timber resources.

Each country would need a harmonized framework that is functional and that can streamline the exploitation, use, conservation and preservation of its natural resources base. Other initiatives in the Region may provide guidance. Core country members of the EAC (East African Community) are, for example, in the process of putting in place a certification mechanism for the timber business and this process.

This component’s proposed activities include:

- Collecting information on all the legislation of each participating country, as well as the international level, as applicable;
- The holding of consultations to identify priority mineral and other resources at both the national and regional levels, for incorporation in a draft Certification Scheme framework document;
- Convening high-level consultative forums with key stakeholders, including representatives of Governments, the private sector, the media, civil society, in order to promote and discuss the objectives of the proposed Certification Scheme;
- Industry representatives should be encouraged to develop a voluntary set of regulations for self-regulation, in order to eventually underpin the envisaged Certification Scheme, if at all possible;
- Formulating a legal policy framework for the establishment of the Regional Certification Mechanism for Natural Resources (RCMNR);
- The development of an institutional framework for the RCMNR;

- Coordination of a plan for the harmonization and rationalization of the national legislation of all participating countries on the mineral and timber resources in the region.
- The development of guidelines for control measures that will govern implementation in each participating country;
- The reconciling of national and regional policies with an agreed framework for the Certification Mechanism, as appropriate, in order for participating countries to be able to enact any legislation that may be necessary to give effect to the Certification Scheme;
- Preparation for applications for waivers of international and regional trade agreements, as appropriate.

NOTE: Since the Certification Scheme for the Great Lakes Region will effectively result in trade-restrictive policies being implemented, it is imperative that, once formalized, application be made jointly by participating countries to the General Council of the World Trade Organization (WTO) for a waiver for the trade measures envisaged under the Scheme. The same principle would also apply to regional and bilateral trade agreements that may be impacted.

(C) Creation of awareness among and the building of capacity for all stakeholders

This component seeks to empower different stakeholders, from rural dwellers to policy-makers and planning officials to enable them to become knowledgeable on relevant aspects of certification mechanisms for mineral and timber resources and the benefits that accrue from their effective implementation.

Each participating country will need to develop an annual reporting system for the relevant commodities, and which are produced or traded. In other words, each country will be asked to promote transparency in the way natural resources are extracted and disposed of, whether these are exported or otherwise.

Specific activities for this component include:

- Organizing workshops to exchange information on best practices and lessons learned;
- Further consultations designed to ensure that the private sector is given the opportunity to comment on proposed control measures and other technical aspects inherent in the Certification Scheme;
- Organizing awareness campaigns in the region. In this regard, it is strongly recommended that partnerships should be developed with civil society, which could prove to be an important ally in this important process;
- Promoting the equitable use of the relevant mineral and timber resources and planning for their efficient and sustainable use and exploitation; and
- Capacity-building and training programmes for a variety of stakeholders in the region, including the training of a core group of experts who will oversee and administer the implementation of the Certification Scheme at the national level, in each participating country, as well as at the regional level.

(D) Design, testing and establishment of a regional certification network

The Certification Scheme should be implemented first and foremost on a national basis. National implementation in each individual participating country forms the building blocks for successful overall regional implementation and enforcement. Non-compliance in any one of the eleven participating countries could, for example, risk undermining the effectiveness of the Certification Scheme in the Region as a whole.

The proposed regional certification network will have a focal point in each of the eleven participating countries. These focal points will use a standardized set of records (to be developed) to help trace the origin and movement (traceability) of the relevant mineral and timber resources, from production to point of sale, purchase or exchange. The Certification Scheme will therefore track movements of the relevant mineral and timber resources in terms of imports, exports and through-transit in each participating country.

Components 1, 2 and 3 highlighted above will constitute the bulk of the interventions for the first two years of this project as well as for the inception of component 4 (recalling the need for flexibility in this regard). Once the basic framework for the RCMNR has been developed and some countries have finalized their preparations for implementation at the national level, it could be tested for validation and improvement. The proposed activities are:

- Engagement of various stakeholders (Governments, private sector, civil society and local community representatives/ to assess the benefits and disadvantages of such a regional certification network;
- Help identify “teething problems” and assess the limits of the regional network, including deficiencies where these might exist in each country as well as coordinating mechanisms at the regional level;
- Propose final guidelines that will be required to establish a fully-fledged certification mechanism;
- Test the performance of the guidelines (through field tests, for example, in 2 to 3 countries);
- Prepare a work plan for final implementation.
- Develop methodologies and terms of reference for project evaluation and monitoring.

By the time this phase is reached, clear guidelines for technical control measures and regulations that will comprise the basis of national implementation of the Certification Scheme will have to be far advanced. In this regard, and drawing on the minimum requirements for compliance with the Kimberley Process Certification Scheme, a non-exhaustive list of types of requirements for the certification of origin of the agreed natural resources in the Great Lakes Region are appended to this project document as Annex A.

6 Project area and the beneficiaries

In the short- to medium term, the main beneficiaries that would derive sizeable benefits from this project are:

- Member states who would better control the exploitation of their natural resources, in particular, improve their revenues through taxation;

- Local communities who would be trained, informed and whose resources would be protected, thereby contributing to development;
- The private sector who would benefit from transparency and the removal of market distortions as a result of the illicit exploitation of resources in the mineral resource and exploitation timber; and
- Consumers who would benefit from products of better quality and prices.

Over the long-term, sustained growth and increased accountability would yield significant multiplier effects which, cumulatively would reduce poverty and contribute to an equitable distribution of resources and to sustainable development through the orderly exploitation of natural resources.

Project areas are the 11 core countries of IC / GLR.

7 Project Objectives and Description

Put very briefly, it is envisaged that this project will help to:

- Curb the illegal exploitation of natural resources in the Great Lakes Region;
- Eliminate the historical role played by natural resources in fuelling conflict;
- Design a Regional Mechanism for the Certification of the origin of Natural Resources,
- Promote a culture of an equitable use of natural resources.

7.1 Expected Results

- The main outputs from this project will include:
- The development and implementation of a regional framework for RMNCM
- Ongoing regional public awareness programmes;
- The updating of national inventories

Comprehensive regional training programmes for capacity building at both the national level (in individual participating countries) and the regional level.

8 Project costs

The cost for the implementation of this project has been estimated at US Dollars 2,500,000. This is a preliminary estimate provided by the original consultant who was appointed by the Secretariat and is based on initial figures provided when this project was first mooted. In the opinion of the experts who reviewed this project proposal, this figure may need to be reviewed, subject to the provision of budget details. It is important to note that the original proposal envisaged a Certification Scheme that would cover a wide range of natural resources, ranging from endangered flora and fauna species, mineral and metals, livestock, insects, medicinal plants and indigenous genetic material. In the interim, budget lines are retained in Part II, for information purposes.

8.1 Project Financing and management

8.1.1 Project Financing

The funds to implement this project could come from:

- The countries of the Great Lakes Region, as they derive the benefits from implementation from the Certification Scheme;
- Development partners (including donor countries, the World Bank, the African Development Bank, other regional institutions bilateral organizations, and UN agencies).

In order to make this process sustainable over the long-term, sufficient revenues should be generated by the natural sector itself. One of the expected results of the implementation of the proposed Certification Scheme is increased revenues resulting from greater control over the exploitation of relevant natural resources. This needs to be done with a strong involvement of the public sector as well as the private sector.

8.1.2 Project organization and management

This project will be implemented at both the national and the regional levels and will be designed using lessons learned and best practices derived from existing international schemes for the certification of origin of natural resources and will deal with regional activities.

The implementation structure for this project will require strong political support as well as a technical support team:

- The project will be spearheaded by a Project Steering Committee (PSC). This will be composed of Ministers of natural resources and environment from participating countries.
- The PSC will provide overall political strategic guidance and review work plans. A regional Program Manager (RPM) could serve a Secretary to the PSC.
- As the process of the development and implementation of the Certification Scheme develops, various sub-groups could be established, on either a permanent or temporary basis, in order to spread the workload and deal with specific issues that require attention and finalization, etc.

8.2 Project Technical Assistance

The project will require various levels of expertise, including but not limited to:

- Determination of geological capacity
- Monitoring and evaluation activities
- Environmental education and environmental protection
- Gender awareness
- Human rights issues
- Property rights
- Geologists and other professional knowledge of relevant high-value mineral resources and timber
- Access to land
- Marketing and communications
- Systems Auditing
- Valuation; and
- Legal expertise.

Technical assistance will also involve in-country expertise.

8.3 Project Implementation arrangements

This section outlines a proposed methodology. This proposal is not intended to be prescriptive, however. Participating countries would be free to determine the methodology and scope of the project themselves.

The work program of this project will be carried out in two sequential stages under the general supervision of the Project Steering Committee (PSC) which is composed of Ministers from the participating eleven countries plus the Regional Project Manager (RPM). For purposes of continuity, the Ministers will be represented by their respective “Permanent Secretaries” who, would attend the technical meetings and liaise with the RCU.

A Regional Coordinating Unit (RCU), headed by an RPM and a technical staff should be established. The staff of the RCU will liaise with in-country experts who would constitute what might be called a Technical Advisor Committee (TAC). Selected experts from appropriate scientific, research and training institutions should be co-opted, as appropriate.

In view of the complexity of the issues to be covered for the certification scheme, at least during the initial stages, consultations at the national and regional level may require extensive negotiation before agreement is reached. For example, during the first two years the meetings of the PSC should be held frequently, perhaps every six months, in order to ensure strategic political guidance is communicated to those responsible for implementation on an unequivocal and ongoing basis. Thus, TAC and RCU should meet even more frequently during the same period – for example on a quarterly basis. The initial phase is a critical one and it is important to maintain the political momentum and to provide direction as well as monitor and report on the implementation of commitments undertaken. The PSC could be chaired in turn by Ministers from each country on a rotational basis. The RCU would be based in one of the capitals (to be determined).

For the first two years, the RCU would facilitate the implementation of components items listed in section 4.

9 Project Risks

Some of the risks that could adversely impact the project include:

- Lack of political will;
- Lack of sufficient funding;
- Civil strife from within one of the eleven countries;
- Failure of accurate data collection and standardized reporting;
- Failure of information exchange among countries.

10 Project Monitoring and Evaluation

10.1 Project Monitoring

The RPM will prepare reports with the assistance of the technical staff and inputs from various local field collaborators. These reports will be aligned with the agreed schedule of meetings to facilitate discussions and be filed one month prior to PSC and TAC meetings. Aggregates of the reports (quarterly, semi-annual and/or annual) should be available for a wider distribution.

10.2 Project Evaluation

Two types of evaluation during the implementation of this project are envisaged, one internal and the other external. The internal evaluation would be carried out annually and the external project evaluation would be carried out after 6 months, 24 months, and 48 months and at the end of project. Participating countries should agree on the criteria to be used for such evaluation processes.

Annex A:

Technical and Other Requirements for Consideration to Ensure Minimum Compliance with the Envisaged Certification of Origin.

Drawing on the minimum requirements of the Kimberley Process Certification Scheme, the following technical requirements for compliance could be considered during the process of determining the specific control measures envisaged for the Certification Scheme for the Great Lakes Region:

International Trade:

Each Participant should:

- a) With regard to shipments of natural resources exported, require that a validated Certificate accompany each such shipment. The handling of Certificates should be carefully prescribed and the Certificate must contain very detailed information:
- The title, for example " Certification Scheme for the Great Lakes Region for (name of resources)";
 - A statement to the effect that the resources in a shipment have been handled in accordance with the provisions of the Scheme;
 - An indication of country of origin (mining or logging) for shipment of resources;
 - Unique numbering with the country code;
 - An indication of the date of issuance and date of expiry;
 - The name of the issuing authority;
 - The identification of exporter and/or importer;
 - An indication of weight/mass;
 - In indication of the value of the shipment and the number of parcels in shipment;
 - The Harmonised Commodity Description and Coding System; and
 - Validation by the exporting authority in the form of the signature of an authorised issuing authority.
 - In all cases, the ultimate consignee of a shipment of natural resources must report receipt of the shipment to the relevant exporting participant country's exporting authority within a stipulated period of the date that the shipment arrived at the port of entry. Generally, the acknowledgement of receipt must refer to the relevant Certificate by its unique identifying number; specify the number of parcels in the shipment and the total weight or other relevant details and identify the importer and exporter.
- b) With regard to shipments of natural resources imported by one participating country by another, the following is required:
- A duly validated Certificate;
 - Ensure that confirmation of receipt is sent expeditiously to the relevant Exporting Authority. The confirmation should as a minimum refer to the Certificate number, the number of parcels, the weight and the details of the importer and exporter;
 - The original of the Certificate should be archived and be readily accessible for a period of no less than three years;
 - Ensure that no shipment of relevant natural resources is imported from or exported to a non-participating country in the Region, if applicable; and
 - Recognize that participating countries through whose territory shipments transit are not required to meet the above requirements, provided that the designated authorities of

the participating country concerned and through whose territory a shipment passes, ensures that the shipment leaves its territory in an identical state as it entered its territory (i.e. unopened and not tampered with).

With respect to internal controls:

Each participating country should be required to:

- a) Establish a system of internal controls designed to eliminate the presence of illicitly exploited natural resources from shipments of imported into and exported from its territory;
- b) Designate an Importing and an Exporting Authority;
- c) Ensure that natural resources covered by the Scheme are imported and exported in tamper resistant containers (details provided below);
- d) ~~As required~~, amend or enact appropriate laws or regulations to implement and enforce the Certification Scheme and to maintain dissuasive and proportional penalties for transgressions;
- e) Collect and maintain relevant official production, import and export data, and collate and exchange such data in accordance with the provisions contained in the KP document; and
- f) When establishing a system of internal controls, take into account, where appropriate, any further options and recommendations for internal controls that may be elaborated.

Principles of Industry Self-Regulation:

A voluntary system of industry self-regulation is desirable, to supports the Scheme and should, for example, provide for a system of warranties underpinned through verification by independent auditors of individual companies and supported by internal penalties set by industry, which will help to facilitate the full traceability of natural resources by government authorities.

Part II. Project work plan and budget lines.

Budget:

The budget estimates cannot be determined until such time as the actual scope and objectives of the Certification Scheme are agreed. It is recommended that a budget be prepared to establish a steering committee to monitor the mechanism's implementation:

Table 1 A. Suggested Work plan.

Project Components	Project timeframe					Person responsible
	2007	2008	2009	2010	2011	
<p><u>Starting of the project.</u></p> <ul style="list-style-type: none"> • Agreements between participating countries. • Search for funds • Hiring of Project Manager (RPM) • Hiring of project staff • Establishment of a regional office • Establishment of a country office (11) • Launch of the project. 	X X X X X X XX					
<p><u>Project Component 1:</u></p> <p><u>Inventory of Natural Resources base use.</u></p>						
<ul style="list-style-type: none"> • Each country establishes a focal point that will coordinate this activity. 	X	X	X			Country focal office
<ul style="list-style-type: none"> • Compilation of all existing country - wide data 	X	X	X			Country focal office
<ul style="list-style-type: none"> • Prepare data bases and storage facilities. 		X	X	X	X	Country focal office
<ul style="list-style-type: none"> • Seek the help of a Resource Economist to obtain the value of some Natural Resource base. 	X	X	X			PM Unit.

<u>Project Component 2:</u>						
Formulation of a policy framework for Integrated Natural Resources conservation, Development and management.						
• Prepare terms of reference	X					PM Unit
• Hire consultants to study existing documents and formulate guidelines for future steps.	XX	XX	XX			PM Unit
• Consultant(s) field work	XX	XX	XX	XX		PM Unit
• Drafting of framework documents.	XX	XX	XX	XX		PM Unit
• Testing of framework			XX	XX	XX	PM Unit.
<u>Project Component 3:</u>						
<u>Create awareness and capacity building of various stakeholders</u>						
• Initiate information plan	X	X	X	X	X	PM Unit
• Discuss the content with government representative	XX	XX		XX		PM Unit
• Start awareness raising campaign	XX	XX	XX	XX		PM Unit
• Collect lessons learned	XX	XX	XX	XX	XX	PM Unit.
• Organize targeted workshops	X		XX	X		PM Unit
• Support training opportunities.	XX	XX	XX	XX	XX	PM Unit
<u>Project component 4:</u>						
<u>Design and establishment of regional certification network.</u>						
• Consult with all participating countries to trash out any forgotten issue	X	X	X	X		PM Unit
• Establish in country focal office	X	X	X	X	X	PM Unit
• Create regional office			X			PM Unit
• Consult with other scheme around the world.		X	X	X	X	PM Unit.
• Provide the cost for any certification device		X	X			PM Unit

• Work on setting up guidelines			X	X	X	PM Unit
• Test Guidelines			X	X	X	PM Unit
• Validation of the results			X	X	X	PM Unit

Table 3: Suggested Budget lines.

Budget lines	2007	2008	2008	2010	2011	Total	Timeline
<u>Office establishment</u>							
• Consumables							
• Fixed assets							
• Salaries							
• Honorarium							
• Perdiems							
• Travel							
• Office equipment							
Subtotal office establishment							
Component 1:							
Component 2:							
Component 3:							
Component 4:							
Subtotal component							
Contigencies (15 %)							
Grand total							

Project : Regional Mechanism for Certification of Natural Resources

Overall project (1 year)				Year 1			
Unit	# of units	unit cost	Total cost	Q1	Q2	Q3	Q4

ACTIVITIES

1.1. The setting up of a steering Committee for the project comprising Ministers of Energy amd Mines and Ministers of Trade

- Travel expnses of participants(33)	air tkt	33	850	28,050				
- Allowance and accommodation	days	5	250	41,250		28,050		
- Communication	month	1	2,000	2,000		41,250		
- Interpreters and equipments	days	5	650	13,000		2,000		
- Other administrative cost	days	5	270	1,350		13,000		
						1,350		

Sub total/The setting up of a steering Committee for the... (1.1)

			85,650	-	85,650	-	-
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Unforeseen 10%

			8,565	-	8,565	-	-
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TOTAL GENERAL

			94,215	-	94,215	-	-
				94,215			