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ANNEX IV

to the Commission Implementing Decision on the financing of the annual action plan for the Conflict Prevention, Peacebuilding and Crisis Preparedness part of the thematic programme Peace, Stability and Conflict Prevention for 2023

Action Document for Addressing Climate-related Security Risks and Natural and Extractive Resources Management in fragile contexts

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Addressing Climate-related Security Risks and Natural and Extractive Resources Management in Fragile Contexts OPSYS number: ACT- 61704; JAD.1158009 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)/ Overseas Association Decision/European Instrument for International Nuclear Safety Cooperation Regulation
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in globally.
4. Programming document	Multi-Annual Indicative Programme for the Thematic Programme on Peace, Stability and Conflict Prevention 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Priority 1: Continuing to enhance capabilities relating to analytical tools, methodologies, and mechanisms to better detect early signs of conflicts, monitor conflict and design appropriate responses; Priority 2: Promote conflict prevention and conflict resolution measures, including by facilitating and building capacity in confidence-building, mediation, dialogue and reconciliation processes
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Peace, Stability and Conflict Prevention
7. Sustainable Development Goals (SDGs)	Main SDG: 16 Promote just, peaceful and inclusive societies Other significant SDGs: 12 Responsible consumption and production

	17 Partnerships for the goals			
8 a) DAC code(s)	15220 - Civilian peace building, conflict prevention and resolution			
8 b) Main Delivery Channel	918 EU Institutions 1000 International non-governmental organisations (NGO) 47000 Other multilateral institutions			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girls' empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	/
digital governance		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital entrepreneurship		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	YES	NO	/	

	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	/
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line: BGUE – B2023-14.020230-C1 – STABILITY AND PEACE			
	Total estimated cost: EUR 5 650 000			
	Total amount of EU budget contribution EUR 4 900 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Service level Agreement (Administrative Arrangement) with the European Commission Joint Research Centre of the European Commission Direct management through grants Indirect management with a pillar assessed entity			

1.2 Summary of the Action

The sustainable, fair and equitable use of natural and extractive resources are essential to all economic systems and to many of the transformative processes linked to today's green and digital agendas. Often, however, due to corruption, smuggling and violence associated with the exploitation and use of scarce natural resources, tensions and conflicts can emerge. Furthermore, there are numerous examples of local populations not benefitting from extractive industries or exploitation of natural resources in their regions. Given the importance of such resources, the environmental impacts of their exploitation and the involvement or exclusion of local populations from benefits and dividends, these use of natural resources can increase or generate risks of conflict and violence, or indeed feed into local and national conflict dynamics. It is therefore important to increase investments and understanding these complex issues and the implications of the green and digital transitions on tensions regarding natural resources management. At the same time, to overcome the gaps, social and environmental impacts and the challenges which persist in mining sector governance, it is vital to keep forging multi-stakeholder responses, built on the knowledge gathered and exchanged between key experts.

The principal objective of this Action is to strengthen the sustainable, fair and equitable management of natural resources in line with international, regional and national standards, regulations and best practices, in order to contribute to peace building and stabilisation in fragile contexts. This will be achieved via support to legal frameworks and a better understanding of the political economy associated with the management of natural resources. Enhanced meaningful participation of relevant stakeholders will also improve the management of natural and extractive resources in conflict-affected settings.

The Action will focus on three main priority areas:

1. Maintenance of the EU's Kimberley Process Certification Scheme data sharing platform (ADAMAS)
2. Responsible Mineral Supply chains: due diligence for gold and other minerals mining
3. Natural resources, conflict and human rights in Latin America and the Caribbean (LAC)

Under priority areas 1 and 2, the Action aims at promoting responsible sourcing and trading of minerals supporting EU participation in the Kimberley Process (KP) Certification Scheme (CS) and through the dissemination, adoption and use of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

With regards to the KP, the Action aims to continue monitoring 'conflict diamonds' within the framework of the KP by means of a multi-modal approach and in collaboration with the European Commission Joint Research Centre (JRC), which has developed a database (ADAMAS) to manage and analyse the EU's KP-CS data collected from the EU competent authorities, allowing the EU to report as a single participant with great efficiency. This Action will provide funding for the maintenance of the EU's KP-CS data sharing platform and support the monitoring of rough diamond mining activities in areas of concern.

In terms of the implementation of the Due Diligence Guidance in mineral producing regions, the Action seeks to both deepen the implementation of the Guidance where it has already taken root, including by enhancing the quality of the implementation, and expand its application into new supply chains. This is an important element for the prevention of conflict, stabilisation - and ultimately economic growth - in conflict-affected and high-risk areas.

Finally, the Action will focus on the interface between natural resources, human rights and conflicts in Latin America and the Caribbean. The exploitation of natural resources is a source of conflict and a threat to sustainable peace in a number of countries of the region. Severe challenges persist, including negative environmental impacts, particularly on water, land and biodiversity; a lack of meaningful consultation with affected communities, an unequal distribution of socio-economic benefits, increase in human rights violations, with Indigenous peoples and women being particularly affected, often in their role as environmental and human rights defenders. Significant damage to the environment can also be registered in conflict zones or former conflict zones, which lack a proper political governance. As such, the Action aims to support local, national and regional sustainable natural resources governance initiatives and the protection of human rights, with a focus on land and water issues, to address persistent conflicts and mitigate potential future conflicts and instability in the region.

2 RATIONALE

2.1 Context

The management of natural and extractive resources such as water, land, vegetation or minerals involves many different stakeholders ranging from state authorities, private actors, affected communities, indigenous peoples, and civil society organisations, among others. Although they hold great potential for development, natural resources can be a cause of dispute, particularly in conflict-affected or high-risk areas, where their exploitation and revenues regularly fuel the outbreak or continuation of violent conflicts, undermining endeavours towards development, good governance and the rule of law. A focus on conflict prevention in the management of natural and extractive resources can contribute to minimising human rights violations, environmental and economic crimes (such as widespread corruption) that often fuel local and regional tensions between communities and/or between local populations and government entities.

Mining in fragile states increases the likelihood of violent insurgencies and increases their duration and intensity by feeding directly or indirectly into war economies and often into illicit economies. Given their value and often-fungible nature, in the context of instability, minerals are an easy target for direct profiteering by illegal and/or armed groups. Coupled with poor governance, natural resource revenue that could be used to reduce aid dependency and fund development often fuels corruption, conflict and weakens governments instead.

The strategic significance of critical minerals, and their reliable supply, in support of global green transition efforts provides a renewed risk of additional exploration, including in countries that face governance challenges or that are considered high-risk. There is thus a growing recognition of the importance to cultivate transparent mineral supply chains and sustainable corporate engagement in the mineral sector with a view to enabling countries to benefit from their mineral resources in addition to preventing the extraction and trade of minerals from becoming a source of insecurity.

The EU seeks to curb the illicit exploitation and trade in natural resources and their role in enabling and financing conflicts, including by supporting compliance with regulatory frameworks and international initiatives to promote responsible, sustainable and conflict sensitive management of natural resources.

The KP is an international scheme for regulating the trade in rough diamonds. It plays an important role in the rehabilitation of many post-war countries as (artisanal) rough diamond production and trade often accounts for a

substantial part of the revenues and contributes to the livelihoods of many. On the other hand, revenues stemming from illicit activities linked to the trade in rough diamonds can undermine peace and stability. As a global player in peace building and conflict prevention, and being a major centre for diamond trade, the EU has been at the forefront of the KP since the very beginning.

The OECD Due Diligence Guidance is one of the instruments that the EU has been supporting since 2014. The Guidance was developed to help companies and the international community to identify and better manage risks throughout the entire mineral supply chain, and ensure they are not directly or indirectly contributing to conflict and/or serious human rights abuses. The 5-step framework of the OECD Guidance serves as basis for the EU Conflict Minerals Regulation that was adopted in May 2017 with the aim to control trade in minerals from conflict areas and establish a system for supply chain due diligence obligations for EU importers of tin, tantalum, tungsten, and gold (3TG). The Regulation specifically prioritises the concept of responsible sourcing and focuses on the prevention of the use of minerals trade to finance armed groups, forced labour and other human rights abuses.

Most implementation activities for the Guidance have, thus far, focused on the African Great Lakes region. However, stakeholders worldwide are increasingly interested in implementing the Guidance into their mineral supply chains (e.g., Latin America and Asia). Some countries in these regions are either in conflict or post-conflict settings and feature risks such as open armed conflict situations and terrorist attacks, political volatility, the involvement of former combatants in mineral extraction and trade as well as continued human rights abuses despite the end of formal conflict alongside high levels of corruption related to the minerals sector. Activities will also be implemented in geographical areas generally not considered as conflict-affected but that either feature high risks in the minerals sector such as corruption, money laundering or suspected risks of terror financing or represent areas where conflict – often linked to mineral extraction – risks breaking out in the medium term.¹

Three areas of natural resource governance that have been central to political and social conflicts in the Latin America and Caribbean region include environmental impacts, consultation with affected communities, including the Right to Free, Prior and Informed Consent on Indigenous peoples and distribution of socioeconomic benefits.

Environmental crimes, undermining the EU Green Deal objectives, have been linked to other types of criminal activities in the region. In this regard, the Escazu Agreement is an example of growing interest and concerns about justice issues in environmental crimes and violence against environmental defenders.

Evidence suggests that tensions associated with natural resources are twice as likely to deteriorate into conflict. Furthermore, if persistent conflicts over natural resource governance are not meaningfully addressed, they are likely to increase. Protracted conflicts over natural resources, including land, water, and deforestation can lead to a range of economic, social and political issues, including political instability and violence. Moreover, the lack of proper governance systems in conflict areas or former conflict areas can lead to environmental degradation and natural resources depletion, thus fueling further conflicts and instability. Protracted conflicts over natural resources can also affect the local, national and global energy transitions, including through the disruption to the supplies of critical minerals.

The Action is consistent with, and aims at contributing to the EU foreign policy goals and development strategy of better governance, sustainable management and law enforcement in relation to the exploitation of natural resources in mineral-producing, conflict-affected and high-risk areas. In addition, operationalising the OECD Due Diligence Guidance includes engagement with EU enterprises and promotes corporate social responsibility policies, which recommend companies to mitigate any potential negative impacts that they might have on society, and therefore pay attention to any potential human rights violations. This Action is in line with the EU Integrated Approach² and the policy framework in general as it recognises the importance of how breaking the nexus between conflict and

¹ Examples include emerging conflict zones such as Myanmar; lithium, cobalt and copper producing areas in the Democratic Republic of Congo; gold producing border areas in Ghana, Senegal, Côte d'Ivoire in West Africa; alluvial gold mining in Brazil, Peru and Mexico in Latin America; and nickel and other base metals extraction and refining in Indonesia and the Philippines. Countries that do not qualify as conflict-affected or high-risk areas play a crucial role in sustaining incentives for both licit and illicit trade in conflict-affected or high-risk areas. This is the case for instance of major metal hubs such as the United Kingdom, South Africa, the United Arab Emirates, Turkey, China or India, as well as countries with a smaller mining footprint but that play an outsized role because of their role in trade routes (Dominican Republic, Panama, Hong Kong).

² [Council Conclusions on the integrated approach](#) (January 2018).

illegal exploitation of minerals is a critical element in guaranteeing peace, development and stability.

2.2 Problem Analysis

Priority areas **1 and 2** of this Action are intended to support transparent mineral supply chains and sustainable corporate engagement in the mineral sector with a view to enabling countries to benefit from their mineral resources in addition to preventing the extraction and trade of minerals from becoming a source of insecurity.

For decades, the illicit trade of diamonds has generated human rights abuses and devastating wars in fragile countries like Angola, Sierra Leone, Liberia, Central African Republic and the Democratic Republic of Congo, causing deaths and mass displacement. To stop these dynamics and make sure the diamond trade no longer undermines peace and stability, a coalition of governments, civil society and diamonds industries launched the Kimberley Process Certification Scheme in 2002. Since the beginning, the European Commission, representing the EU and the 27 Member States, has played a prominent role in the KP-CS. Thanks to a multi-modal approach developed by its Joint Research Centre (JRC), the European Commission monitors the trade of diamonds and artisanal mining contexts in countries of interest, with a view to preventing the use of diamonds in fuelling a crisis.

Stakeholders like companies and governments involved in mining and trade in minerals have the potential to generate income, contribute to growth and prosperity, sustain livelihoods and foster local development. However, those stakeholders may be at risk of contributing to or being associated with adverse impacts, including serious human rights abuses and conflict through their mineral producing, trading or procurement practices. The main problems relating to the responsible sourcing of minerals originating from conflict-affected and high-risk areas include³:

- the continued financing of armed groups via the proceeds of extraction and trade of minerals in conflict-affected and high-risk areas;
- the implementation challenges faced by EU downstream enterprises attempting to sustain legitimate trade, or voluntarily, performing due diligence within the current frameworks: due to a number of problems, such as lack of data, access, EU companies have difficulties in complying with due diligence requirements on the basis of customers' requests.

Global implementation and commitment to the responsible mineral supply chain is at a key juncture. There is now a broad recognition of supply chain due diligence as a basic expectation in mineral supply chains, especially for certain minerals and topologies. There is also an emerging due diligence regulatory framework that is playing a central role in fostering commitment for responsible mineral supply chains. Yet, key challenges remain, which will need to be considered as the Action aims to both deepen and broaden progress on implementation. Those challenges are mainly related to the sector's continued vulnerability to conflict finance and money-laundering, insufficient incentives for proper uptake of due diligence, companies avoiding high-risk areas instead of responsibly engaging with them. In addition, as the competition over critical materials in connection with the energy transition intensifies, there is a clear opportunity to mainstream implementation of the Due Diligence Guidance as a means to foster a just energy transition and bolster a reliable supply of critical minerals simultaneously. This Action reflects these developments by integrating components on technical advice to policymakers in new forms, dedicated research on new geographic areas and minerals, as well as convening a structured international cooperation on the issues.

The purpose of the OECD Due Diligence Guidance is to help companies and governments respecting human rights and avoid contributing to conflicts through their sourcing decisions. By doing so, it will help companies and governments and contribute to sustainable development, while creating the conditions for constructive engagement with suppliers. In addition, the Action will focus as well on supporting the EU and the National Competent Authorities in practical implications when complying with the EU Regulation on conflict minerals and subsequently with the OECD Due Diligence Guidance. This specific component will be implemented in conflict-affected and high-risk areas in producing countries, including the Democratic Republic of Congo (DRC) and its neighbouring countries in the Great Lakes region, West Africa (Burkina Faso, Mali and Niger), but also Colombia

³ As identified by stakeholders in the public consultation related to the launch of the EU integrated approach.

and other producing countries in the Latin American region. Findings have shown that in countries with abundant natural resources and relatively low rates of economic growth, social development and political stability, violent conflict erupts or persists. This is described as the “paradox of plenty”. Ultimately, creating demand for responsibly- produced minerals globally is an important change driver across the whole supply chain in the producing, refining and consuming regions.

The OECD component builds on the successful implementation of three previous phases, while remaining very relevant and timely due to, among others, the implementation of the EU regulation on Conflict Minerals. Therefore, this new phase will, besides continuing the successful engagement built in the previous phases, continue supporting the EU and Competent National Authorities in ensuring that EU importers of 3TG (tin, tungsten, tantalum and gold) meet international responsible sourcing standards.

Under **priority area 3**, the Action aims to support local, national and regional sustainable natural resources governance initiatives and the protection of human rights, with a focus on land and water issues, to address persistent conflicts and mitigate potential future conflicts and instability in the Latin America and Caribbean region.

The Latin America and Caribbean (LAC) region is home to 22 percent forested areas globally and holds an estimated 40 percent of global copper reserves, roughly two-thirds of the world’s lithium reserves and sizeable nickel resources. It is also a region with abundant water sources. However, the region has suffered from numerous conflicts around environmental issues, including land, forests and water use. It is estimated that 36 million people in the region lack access to drinking water and, in some places, underground water resources have been classed as over-used. Across South America, around half of all water comes from aquifers subject to increasing pollution from commercial activity. The impacts of mining, especially on water and biodiversity, have been particularly concerning. Most countries in the LAC region face persistent conflicts over natural resource governance, including opposition to mining projects based on environmental impacts and due to infringement of land rights, insufficient consultation with or obtainment of consent by affected communities, and inequitable distribution of socio-economic benefits. Conflicts over extractive industries and land issues are a major cause of violence, in particular against Indigenous communities and women. Between 2017 and 2021, there were 2,109 cases of communities affected by extractive industries and their associated activities in Peru, Colombia, Mexico, Guatemala and Honduras. In 2021, of the 264 human rights defenders killed across the region, more than 40 percent were linked to disputes over land, indigenous rights and the environment. High levels of inequality across the region have historically been fuelled by, inter alia, extreme concentration in access to and control over land, and the uneven distribution of benefits from its use. Latin America is the most unequal region of the world in terms of land distribution⁴. Lack of proper governance systems in conflict or former conflict areas has also been a source of natural resources depletion. In Colombia, in the years following the 2016 peace accord, the woodland and jungle in areas under the former control of FARC has receded, due to illegal activities performed by other insurgent and criminal groups, including ranching, logging, mining, and coca growing.⁵

The consequences of climate change, environmental disasters and degradation, including on the food security and the availability of water, population growth, growing social inequalities, weak regulatory frameworks, and the lack of capacity and/or willingness of governments to meaningfully respond to civil society and community concerns, coupled with rising global demand for critical minerals are exacerbating tensions and instability. The current global context is fuelling further distress. On the one hand, the increase in the price of hydrocarbons and food may push extractive industries, as well as logging, mining and hydrocarbon companies to move into new areas, including areas of rainforest currently held by Indigenous peoples. In addition, future demand for critical minerals will inevitably grow and will be affected by, inter alia, the pace of the energy transition and technological developments. The private sector could have a crucial role to play in innovations with regards to an effective and sound green transition, if it is able to avoid the social and environmental pitfalls of the past. On the other hand, drug-trafficking routes are often identified on the same lands, putting the environment and communities at further risk. Protracted conflicts over mining and land issues, if not addressed, could lead to further violence, human rights violations and political instability. The way natural resources and the environment are governed has and will

⁴ Oxfam, [Unearthed: Land, Power and Inequality in Latin America](#), 2016

⁵ <https://www.crisisgroup.org/latin-america-caribbean/andes/colombia/091-broken-canopy-deforestation-and-conflict-colombia>

continue to have a determining influence on peace and security in the region.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Main stakeholders of the Action:

- Member States;
- Governments of producing, processing and consuming countries;
- Industry;
- Civil society;
- Indigenous peoples and under-represented groups (e.g. Afrodescendants in the LAC region, women and marginalised groups, etc.);
- Artisanal and small scale miners.

While industry takes a leading role in implementing the OECD Guidance, the role of government and international organisations in enabling conditions for the rule of law, enforcement, security, and funding, are equally essential. Local and international civil society monitors the conditions of resource extraction and trade, as well as company activities, disseminating information on risks and building local capacity and awareness.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this Action is to strengthen the management of natural resources in line with international, regional and national standards, regulations and best practices to contribute to peace building and stabilisation in fragile contexts.

The Specific Objectives (Outcomes) of the Action are to:

1. Support the EU's leading role within the Kimberly Process Certification Scheme;
2. Promote responsible sourcing and trading of minerals through the dissemination, adoption and use of the OECD Due Diligence Guidance;
3. Address persistent conflicts and mitigate potential future conflicts and instability caused by the exploitation and/or management of natural resources in the LAC region.

The Outputs to be delivered by the Action contributing to the corresponding Specific Objective are:

Outputs contributing to Specific Objective 1:

- 1.1. Ensure the accuracy and consistency of the EU's rough diamond trade data with that of its trade partners by improving and maintaining the KP certificate scheme database;
- 1.2. Analyses and monitoring of remotely sensed data and open source information for areas of interest.

Outputs contributing to Specific Objective 2:

- 2.1 Improved global understanding of how due diligence is implemented including the promotion of the OECD Due Diligence Guidance as a common global reference for responsible mineral sourcing by relevant stakeholders, including host countries' authorities in conflict-affected and high-risk areas;
- 2.2 Increased number in geographic location and types of stakeholders implementing and committing to responsible supply and trading of minerals, including in Latin America and Asia;
- 2.3 Increased involvement and ownership from mineral producing countries in the responsible sourcing and trading of minerals;
- 2.4 Increased capacity and cooperation of the relevant stakeholders involved in an effective implementation of the EU Regulation on Responsible Mineral Supply Chains.

Outputs contributing to Specific Objective 3:

- 3.1. Support national authorities to manage natural resources and revenues in a sustainable and transparent ways that do not increase the risk of further conflict and are sustainable on long term;
- 3.2. Promote accountability, transparency, and environmental sustainability in natural resource management, as

well as a rights based approach;

3.3. Strengthen the capacities of civil society organisations and human and nature's rights defenders;

3.4. Ensure that new and on-going private sector investments and activities respond to social and environmental safeguards, needs and best practices, and minimise social and environmental impacts associated with resource extraction and use.

3.2 Indicative Activities

Activities relating to Specific Objective 1:

- Maintenance and preparations for a transition of ADAMAS tool to maintain EU's statistical database on the trade in rough diamonds;
- Regular reports, monitoring and mapping of artisanal mining activities in countries of interest with a view to preventing the use of diamonds in fuelling a crisis.

Activities relating to Specific Objective 2

Output 2.1:

- Support the implementation of the OECD Guidance on 3TG (tin, tungsten, tantalum and gold) and beyond, giving priority to energy transition materials and precious stones;
- Provide technical advice to policymakers on prospective strategic partnerships on a responsible supply of critical and energy transition minerals;
- Host annual Forum on Responsible Mineral Supply Chains;
- Collaborate with international partners to enhance implementation of due diligence on specific themes (artisanal and small-scale mining, minerals-related crimes, corruption, gold trading centres, critical minerals, supply chain control points and commodity traders).

Output 2.2:

- Continue outreach and impact measurement work;
- Carry out research on mineral supply chains and producing regions already implementing the Guidance and on new materials and regions.

Output 2.3:

- Provide policy advice on emerging regulatory initiatives and engage with local governments, development cooperation partners, business and civil society to sustain integration into practice;
- Organise trainings, regional fora, provide policy advice on emerging regulatory initiatives, policies and standards;
- Organise technical-level meetings, awareness raising events, outreach to regional organisations.

Output 2.4:

- Support on implementation of the EU Conflict Minerals Regulation, including on EU recognition of industry schemes;
- Participate in assessment process of industry schemes applying for recognition by the European Commission;
- Work with the European Commission on technical issues arising from the Batteries regulation;
- Provide technical advice as relevant to the development of new legislation related to responsible minerals trade, such as the EU Critical Raw Materials Act.

Indicative activities related to Specific Objective 3:

Output 3.1:

- Strengthen the capacities of relevant authorities and government institutions on consultation processes, peaceful conflict resolution mechanisms, monitoring standards, and international, regional and national human rights and environmental frameworks, including free prior and informed consent (FPIC) and the Escazu Agreement⁶;

⁶ The Escazú Agreement, which entered into force in April 2021, seeks to guarantee the full and effective implementation in Latin America and the Caribbean of the rights of access to environmental information, public participation in the environmental decision-making process and access to justice in environmental matters, and the creation and strengthening of capacities and cooperation, contributing to the

- Strengthen the capacity of States to deliver early warning and early action in countries that are vulnerable to conflict over natural resources and environmental issues and in consultation and with the meaningful participation of relevant civil society groups and human and nature’s rights defenders;
- Strengthen the monitoring and audit capacities of States in matters related to natural resources.

Output 3.2:

- Enhance consultation, dialogue and knowledge sharing, build confidence, exploit shared interests and broaden cooperation between diverse groups, including Indigenous peoples and human and environmental rights defenders, the private sector and local and national authorities, as well as between States;
- Promote and/or support reforms in the legal and regulatory frameworks, fiscal regimes, protocols and practices in line with regional and international standards.

Output 3.3:

- Strengthen the organisational capacities of civil society actors, including women’s and Indigenous groups;
- Strengthen the technical capacities of human and nature’s rights defenders on peaceful conflict resolution mechanisms, strategic litigation, advocacy and awareness raising, and research, documentation and critical analysis of politics, laws, norms and practices in natural resource governance;
- Ensure the protection of human and nature’s rights defenders, in particular Indigenous and women’s groups and other groups and communities who are vulnerable and/or threatened.

Output 3.4:

- Mobilise the private sector to engage on initiatives in support of the green transition in close collaboration and consultation with authorities and civil society;
- Ensure private sector engagement in addressing the environmental and social impacts of their activities, in close consultation with relevant stakeholders.

3.3 Mainstreaming

Environmental Protection & Climate Change

Emphasis will be placed on improving the environmental aspects of artisanal mining bringing the importance of safeguarding the environment to the forefront. Environmental considerations 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.

In line with the Rio Declaration⁷, the action implicitly recognises that peace, development and environmental protection are interdependent and indivisible. The way natural resources and the environment are governed has an important influence on peace and security. This is particularly significant in the LAC region, where land and water issues have been at the core of numerous and often violent conflicts, and human rights violation, especially against Indigenous groups and women. The focus is on supporting policies and practices that take into account the protection of the environment and mitigate the negative consequences of climate change.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality and the empowerment of women as well as the respect for human rights, will be mainstreamed throughout the activities of the Action. In particular, by encouraging greater participation of woman, girls and boys in the outreach activities and training.

Human Rights

By becoming aware and compliant with the Due Diligence Guidance, the global business community involved in the extractive sector is no longer directly or indirectly contributing to conflict and/or serious abuses of human rights.

protection of the right of every person of present and future generations to live in a healthy environment and to sustainable development. The agreement also seeks to support the safety and protection of human rights defenders in environmental matters.

⁷ https://legal.un.org/avl/pdf/ha/dunche/rio_ph_e.pdf

The action will focus on communities and groups particularly affected and/or vulnerable to natural resource exploitation and land and water issues, prioritising the promotion and protection of indigenous rights as well as human and nature's rights defenders.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. However, the action will ensure that activities particularly at the policy formulation and community level are inclusive, participatory and emerge from partners themselves enhancing ownership by institutions and civil society alike.

Reduction of inequalities

Project to be funded in the framework of this action should aim at reduction of inequalities. Strengthening mineral extraction sector governance is conducive to reduction of inequalities.

Democracy

Project to be funded under this Action should uphold fundamental democratic principles such as transparent and accountable governance, participation and fair representation, balance of power and the respect for human rights.

Conflict sensitivity, peace and resilience

In line with the NDICI-GE regulation, projects under this Action should be based on a solid understanding of conflict sensitivity and do no harm approaches by understanding local conflict dynamics, minimise the risk of negative impacts, tensions and divisions and should maximise opportunities to make positive contributions to build peace and resilience. The initiative will ensure a Humanitarian-Development-Peace Nexus approach, ensuring coordination, coherence and collaboration in order to reduce overall vulnerability of unmet needs, strengthen risk management capacities, build resilience and address root causes of conflict.

Disaster Risk Reduction

Issues related to natural disaster will be taken into consideration by implementing partners in their activities and analyses, as relevant.

3.4 Risks and Lessons Learnt

Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Political instability in countries where the action will be implemented.	High/Moderate	High	To mitigate this risk, implementation will focus on capacity building and technical support to national governments and local stakeholders to ensure that local capacities can relay the action of the wider implementation programme in case international development projects are jeopardised.
Engagement from non-adherent countries begins to wane.	Moderate	Moderate	The outreach and engagement component of the Action includes many practical activities aimed at non-adherent countries who are important players in the minerals supply chain such as China, India, Latin America and the West Coast of Africa. By working closely with in-country partners, the Action will ensure that the OECD Due Diligence Guidance is relevant to the specific cultural and economic context.

Lack of political support for responsible business conduct as a whole or the due diligence approach in the extractives sector.			The partner undertakes high-level outreach at political level, nationally and internationally.
Increased security risks for human and environmental rights defenders and civil society actors involved in activities under the action.	Medium	High	The action will integrate a conflict sensitive and do no harm approach, and ensure that human and environmental rights defenders and relevant civil society actors are adequately protected and that indigenous peoples are duly consulted.
Breakdown in agreements reached between authorities and communities, which could lead to protests and violence and paralyse dialogue efforts.	Medium	High	Activities include strengthening dialogue processes amongst relevant stakeholders. These will be adapted according to the local context to ensure that peaceful conflict resolution mechanisms are sought when required. Implementing partners with a good knowledge and understanding of the region and of the dynamics between relevant stakeholders and who have long-standing and strong relations with them will be sought.

3.5 The Intervention Logic

IF the management of natural resources is strengthened in line with international, regional and national standards, regulations and best practices,

THEN the risk or resurgence of conflict around natural resources exploitation decreases and negative consequences on affected populations and on the environment are alleviated,

BECAUSE local, national, and regional natural resource governance initiatives, including responsible sourcing and trading of minerals in conflict-affected and high-risk areas are supported and,

BECAUSE the needs of communities and groups particularly affected and/or vulnerable to natural resource exploitation and land and water issues (including indigenous as well as human and environmental rights defenders) are effectively and meaningfully taken into consideration and their rights are protected.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, more detailed logframes may be developed at contracting stage for each intervention under this action. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contracts linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the output and outcome indicators whenever it is relevant.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To strengthen the management of natural resources in line with international, regional and national standards, regulations and best practices to contribute to peace building and stabilisation in fragile contexts.	<ol style="list-style-type: none"> 1. The intervention contributes to a multilateral approach to conflict prevention, peacebuilding and stabilisation in the given context of the action (not at all, limited degree, medium, significant, fully). 2. The intervention minimised risks and maximised positive outcomes on peace and security (Y/N). 3. Number of persons directly benefiting from the intervention (M/W/B/G). 4. The Action scores 'High' or 'Medium' on the conflict-sensitivity index? (Y/N) 				<i>Not applicable</i>
Outcome 1	1. Support the EU's leading role within the Kimberly Process Certification Scheme.	<p>Quantity (value) of legally exported diamonds (at national level).</p> <p>Extent to which a regional</p>				

		Kimberley Process coordination (information sharing) platform exists.				
Outcome 2	2. Promote responsible sourcing and trading of minerals through the dissemination, adoption and use of the OECD Due Diligence Guidance.	Increase in the number of producing countries and mineral stakeholders who are aware of and familiar with concepts of responsible sourcing and the OECD Due Diligence Guidance.	Defined at project level	Defined at project level	National Contact Point reports on adherent country actions to promote OECD	Continued engagement by all stakeholders in the 3T and gold supply chains
Outcome 3	3. Address persistent conflicts and mitigate potential future conflicts and instability caused by the exploitation and/or the management of natural resources in the LAC region.	Defined at project level	Defined at project level	Defined at project level		
Outputs relating to Outcome 1	1.1. Ensure the accuracy and consistency of the EU's rough diamond trade data with that of its trade partners by improving and maintaining the KP certificate scheme database. 1.2. Analyses and monitoring of remotely sensed data and open source information for areas of interest	Number of research papers/studies/analyses on trade patterns, methods and actors involved in diamond smuggling				
Outputs relating to Outcome 2	2.1. Improved global understanding of how due diligence is implemented including the promotion of the OECD Due Diligence Guidance as a common global reference for responsible mineral sourcing by relevant stakeholders, including host countries' authorities in conflict-affected and high-risk areas.	Number and quality of collaborative solutions developed as a result of broad engagement in the uptake and implementation of the OECD Due Diligence Guidance.	Defined at project level	Defined at project level	Forum attendance lists, MSG calls participation, number of sub-groups and sub-meetings led by stakeholders,	

	<p>2.2 Increased number in geographic location and types of stakeholders implementing and committing to responsible supply and trading of minerals, including in Latin America and Asia.</p> <p>2.3 Increased involvement and ownership from mineral producing countries in the responsible sourcing and trading of minerals.</p> <p>2.4. Increased capacity and cooperation of the relevant stakeholders involved in an effective implementation of the EU Regulation on Responsible Mineral Supply Chains.</p>	<p>Number of new stakeholders implementing the OECD Due Diligence Guidance.</p> <p>The quality of mineral statistics generated by each country and shared across the region.</p> <p>Reduction in number of smuggling/cross border issues pertaining to gold and 3Ts.</p> <p>Number of issues reported in relations to the implementation of the EU Regulation.</p>			<p>Forum /MSG participants' experience and feedback.</p> <p>OECD Secretariat, MSG, particular industry association Forum members.</p> <p>ICGLR Secretariat, other national and regional government groupings 3rd party auditors, UN Group of Experts reports.</p> <p>European Commission, EU companies, Competent Member State Authorities.</p>	
<p>Outputs relating to Outcome 3</p>	<p>3.1. Support national authorities to manage natural resources and revenues in ways that do not increase the risk of further conflict and are sustainable in the longer term.</p>	<p>Defined at project level</p>	<p>Defined at project level</p>	<p>Defined at project level</p>		

	<p>3.2. Promote accountability, transparency, and environmental sustainability in natural resource management.</p> <p>3.3. Strengthen the capacities of civil society organisations and human and nature’s rights defenders.</p> <p>3.4. Ensure that new and on-going private sector investments and activities respond social and environmental needs and best practices, and minimise environmental impacts associated with resource extraction and use.</p>					
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁸.

4.3.1 Direct Management (Grant)

Grants: (direct management)

(a) Purpose of the grant(s)

The purpose of the grant is to build and strengthen understanding and capacities for effective conflict management and peace-building in a context of natural resources, including land and water use.

(b) Type of applicants targeted

Civil society actors as defined in recital (46) of the NDICI Regulation 2021/947 are considered eligible under this Action. For international non-governmental organisation applicants, partnerships with local organisations established and active in the countries targeted will be particularly important in order to meet this measure's objectives.

Interventions will target: countries affected by/emerging from a conflict; countries affected by high levels of violence, or whose peace and stability is threatened; fragile states with weak capacity to perform core governance functions; countries in democratic transition, or where the lack of civic engagement and opportunities for participation in public life is seen as a factor threatening peace.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to international and local civil society organisations selected using the following criteria: experience working in natural resources management.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation as per article 195, paragraph f) of the Financial Regulation.

⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.3.2 Indirect Management with a pillar assessed entity

A part of this action may be implemented in indirect management. This implementation entails undertaking outreach and training activities, as well as research, analysis and organisation of meetings and workshops. The envisaged entity will be selected using the following criteria: knowledge and expertise on the OECD Due Diligence Guidance and how it is used as the global benchmark for due diligence initiatives, including the "Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas".

In case the envisaged entity would need to be replaced, the Commission's services may select another entity using the same criteria.

4.3.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case the selection of implementing partners as per the criteria and conditions set out above might not prove successful, changes from indirect to direct management mode, and vice versa, will provide the possibility to identify other types of applicants according to the same criteria. Specific expertise on peace and security, conflict prevention and peacebuilding in the domain of natural resources management will be used as identification criteria to identify partners for either direct or indirect management.

4.3.4 Other actions or expenditure

Part of this action may be implemented through a Service Level Agreement with the Joint Research Centre of the European Commission in order to mobilise its expertise in the support of the Kimberley Process. The JRC cooperates closely with the scientific community to contribute to the state of the art research in the field of information text mining and intelligence as well as geospatial technologies and applications, and also with industry that often provide the capabilities and techniques to rapidly implement procedures defined by the JRC and its scientific partners. This expertise and experience provide the JRC with the necessary know-how and networking capabilities that form the basis for scientific and technical support for the EU to support the Kimberley Process. This implementation entails undertaking research, analysis and mapping exercises.

4.4 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, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.3	

Component 1: EU’s leading role within the Kimberly Process Certification Scheme, composed of	
Other expenditure: Service Level Agreement (Administrative Arrangement with the JRC) – cf. section 4.3.4	900 000
Component 2: Promote responsible sourcing and trading of minerals	
Indirect management with entrusted entity – cf. section 4.3.2	3 000 000
Component 3: the exploitation and/or management of natural resources in the LAC region	
Direct management with a grant – cf. 4.3.1	1 000 000
Totals	4 900 000

4.6 Organisational Set-up and Responsibilities

The action is managed by the European Commission's Service for Foreign Policy Instruments (FPI) as contracting authority, in collaboration with the European External Action Service (EEAS) and relevant EU Delegations.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

As for the Due Diligence Guidance, it is supported by a multi-stakeholder 3T and gold Forum which gathers on a voluntary basis governments of producing, processing and consuming countries, the minerals industry supply chain, civil society as well as international organisations and individual experts. The implementation programme’s governance and leadership body is the Multi-stakeholder Steering Group (MSG), whose chair is an Adherent (government) to the OECD Due Diligence Guidance, currently the European Union. In addition, several services of the European Commission (e.g. DG TRADE, DG GROW, DG DEVCO, SG) and the European External Action Service participate regularly both to the Forum's annual meetings and to the regular MSG meetings.

5. PERFORMANCE MEASUREMENT

5.1 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 partner 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.

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).

Roles and responsibilities for data collection, analysis and monitoring:

Data collection, analysis and monitoring will be the responsibility of, and carried out by, each project’s implementing partners and will be financed under the regular budget of each project. In the case of multi-country projects, implementing partners will be requested to present how monitoring and data collection will be operated.

5.2 Evaluation

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

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 30 days in advance of the dates envisaged 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 may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are **in principle** no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention⁹ (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
Contract level		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
	(...)	
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	

⁹ For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including 'Action' and 'Intervention' where an 'Action' is the content (or part of the content) of a Commission financing Decision and 'Intervention' is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).