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## Responsible Gold Also Means Supporting Livelihoods of Artisanal Miners

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By Tyler Gillard and Roel Nieuwenkamp

Last year, Congolese civil society leader Eric Kajemba helped broker a deal between the army, local authorities, three powerful Congolese families and a Canadian mining company to demilitarize the Mukungwe gold mine in the Democratic Republic of the Congo (DRC).

The mine supports 5,000 thousand so-called “artisanal” gold miners, who work in harsh conditions and have for years lived under constant threat of extortion and violence by armed groups, the military and criminal gangs.

Kajemba’s efforts, and the support from the mining company and the Congolese government, were made in part because of growing international pressure to ensure that minerals don’t finance or fuel violent conflict or human rights abuses when mined in conflict zones.

Yet this same push for “conflict-free” minerals has also created new challenges for mines in eastern Congo, like Mukungwe, to access formal gold markets, mainly because of unreasonably high expectations from the market that go beyond international standards.

In 2010, the US Congress adopted section 1502 of the Dodd-Frank Act, obliging public companies to report on products containing certain minerals that may be benefiting armed groups in the DRC. The European Union also proposed a draft regulation in March 2014 on responsible supply chains of minerals from any conflict area worldwide. An [OECD Due Diligence Guidance](#) was singled out in both cases as the key standard for companies to maintain responsible mineral supply chains.

Gold is targeted by these efforts and the big players in the gold industry have taken note. The [London Bullion Market Association](#) (LBMA) made it mandatory for its refiners to undergo [annual audits](#) that would demonstrate they sourced gold

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responsibly and in line with the international standards set by the OECD. The [World Gold Council](#) and the [Responsible Jewellery Council](#) adopted voluntary certification schemes to implement the OECD's due diligence guidance. The [Dubai Multi-Commodities Centre](#) also adopted audits requirements for its refiners in 2012.

The audited LBMA refiners alone cover 85 to 90 percent of gold produced annually and it's tempting to say "mission accomplished," since the gold market is largely conflict-free. However, shrinking the last 10 percent of the informal gold will be crucial. In 2013, more than \$115 billion worth of gold was produced. Even if only 5 percent of that production benefited armed groups or criminal organizations worldwide, that's still almost \$6 billion that ended up in the wrong hands.

In contrast to the formal gold industry, there has been little progress towards creating responsible supply chains of artisanal gold — 90 percent of the global gold mining workforce.

Given its informal and often illegal nature, artisanal gold mining continues to be one of the easiest ways for armed groups and criminals to earn revenue. As Mukungwe shows, not all of the artisanal gold produced in the Congo supports conflict. But almost all of it is mined informally and smuggled out of the country, making it difficult for international buyers to establish traceability. As a result, markets take a very risk-averse attitude towards artisanal gold worldwide. Refiners and traders are often expected to provide a sort of "100-percent conflict-free" guarantee to their financier banks and customers before buying artisanally mined gold.

If European supermarkets can't guarantee that the beef they're selling isn't horsemeat, how could the banks and other buyers expect refiners to provide guarantees on artisanal gold, which almost by definition is produced informally, without infrastructure, licensing, or really any type of government support and oversight that could help give such assurances?

These "100-percent conflict-free" expectations are counterproductive, and based on a misperception of international standards.

Standards like the [OECD Due Diligence Guidance](#) encourage companies to work with artisanal miners, without demanding perfection. Unless a buyer finds evidence of armed group involvement or serious human rights abuses in the mine or trader, ongoing engagement with artisanal miners is recommended. Otherwise, there's a risk that the trade will become even more hidden, leaving the miners worse-off.

Today the discourse within the international community on "conflict minerals" has changed. It's not just about conflict-free. What's important is promoting responsible sourcing of minerals from conflict areas, despite the challenges.

Consumer demand can help. Jewelers should begin sourcing — and marketing — responsible artisanal gold from conflict areas. Which consumer wouldn't appreciate knowing their wedding ring helped support peace and development for some of the world's worst-off miners?

An OECD report on the [Mukungwe mine](#) shows how buyers can get directly involved in gold supply chains from areas of conflict. Today, however, Mukungwe still has no legal route to export gold, and no buyer willing to help improve the miners' conditions, maximize their yields, get their documentation in order to export securely, and guard against interference from armed groups.

On Dec. 21, armed men stormed the mine and killed at least 10 people, including a

15-year-old boy. Although the attackers fled soon afterwards, the need for responsible engagement could not be more urgent.

Tyler Gillard (@tylertgillard) leads the OECD's work on responsible mineral supply chains, and Roel Nieuwenkamp (@nieuwenkamp\_csr) is Chair of the OECD Working Party on Responsible Business Conduct.

Useful link: [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)

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