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Swiss Confederation

Better Gold Initiative for Artisanal and Small-Scale Mining

With the Better Gold Initiative for Artisanal and Small-Scale Mining, the Swiss government has developed a successful pioneering scheme to build transparency, responsibility and profitability in the gold value chain. In a second phase, this initiative is now being implemented in Peru, Colombia and Bolivia

■ Background

The term “*artisanal and small-scale mining*” (ASM) refers to mining activities that resort to simple methods for the extraction of minerals on a small scale. This form of mining generates employment and incomes for over 30 million workers worldwide, feeding around 100 million people. 15 million workers are estimated to work in ASM gold mines. In Bolivia about 100.000, in Peru 150.000 and in Colombia 150.000 miners are working directly in the ASM gold sector, benefitting approximately 2.000.000 people, including family members and related service providers.

Often the only means of livelihood for the concerned communities, ASM gold mining is usually carried out in harsh and dangerous conditions. Workers are exposed to risks of accidents and injuries. They are also affected by health problems caused by exposure to mercury, the use of which is widespread in the ASM gold sector and can have severe health implications, directly in case of poisoning and indirectly via the impact on water bodies and the food chain. Other consequences of unregulated mining are deforestation and contamination with heavy metals and acid mine drainage - with a lasting impact on the environment and living conditions.

Communities depending only on mining for living also suffer a precarious financial situation: they are particularly affected by fluctuations in gold prices and by unfavorable sale conditions imposed by intermediaries. Gold can also give rise to and feed conflicts in regions suffering from political instability.

■ The Gold Market in Switzerland

With four of the largest gold refineries in the world, Switzerland is the world leader in gold refining, processing and consuming. It is estimated that approximately two thirds of gold worldwide is refined in Switzerland. This privileged position at the heart of the gold market is the result of a long tradition and can be explained by political and economic stability, security, a trading hub as well as the efficiency of national financial and logistical systems, which are crucial factors for precious metals. Furthermore, gold refined in Switzerland is synonymous with very high quality: Swiss refineries produce 99,99% pure gold and make all sorts of specific components destined for the watchmaking, jewellery and electronics industry.



▪ **The Better Gold Initiative for Artisanal and Small-Scale Mining, a Pioneering Project**

Arising from a wish to improve the situation of ASM miners, the *Better Gold Initiative for Artisanal and Small-Scale Mining (BGI for ASM)* was set up in 2013 as a private-public partnership between the Swiss Better Gold Association (SBGA) and the State Secretariat for Economic Affairs SECO. The initiative relies on the importance of the Swiss market, brings together leading players in the gold sector and creates sustainable and transparent conditions along the gold value chain. It supports the implementation of a number of international initiatives, such as the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, which guides companies to ensure that their mineral sourcing does not finance conflicts. In addition, the BGI for ASM supports the implementation of the *Minamata Convention on Mercury*, which aims at minimizing mercury emissions.

Peru was the first country to implement the BGI for ASM. The results of this pilot implementation between 2013 and 2016 are considered successful: direct export of approximately 1,500 kg of gold from certified mines to Switzerland, the consolidation of value chains with payments of more than US\$ 800.000 into the Better Gold Fund, implementation of two electrification projects with the Better Gold Fund. In addition, an increasing interest of the ASM gold sector and public institutions in the initiative's approach and the increasing demand of Better Gold from the Swiss industry was crucial to expand the BGI for ASM from Peru into Bolivia and Colombia as new implementation countries. The initiative now comprises three pillars, each of which is a link in a virtuous chain:



1. Production and Certification

With the aim to expand the production of responsibly mined gold ("*Better Gold*"), the initiative supports ASM mines and mining cooperatives in improving their performance in technical, organizational, social and environmental terms.

BGI supports the **Fairtrade, Fairmined and Responsible Jewellery Council** certification systems.

Through the introduction of a minimum criteria, a substantial higher number of gold miners as well as their families and communities shall benefit from better living and working conditions in the second phase.

2. Policy Dialogue

Policy dialogue and cooperation with governments enables a common understanding of central conditions for a sustainable gold mining and supports the simplification of the formalization processes.

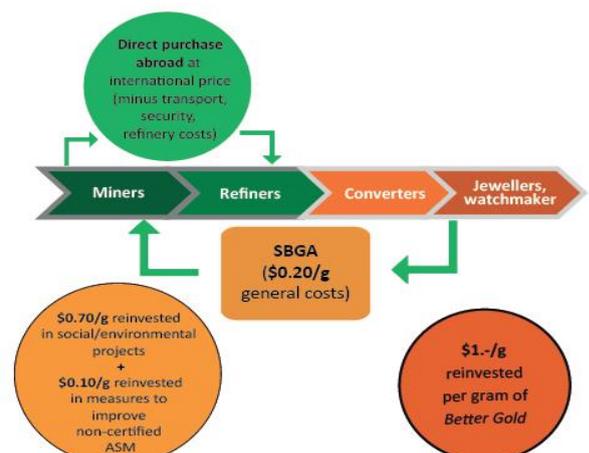
3. Promotion of the Demand for Better Gold

In Switzerland, the cooperation with the SBGA channels the demand for *Better Gold* among industry stakeholders: refiners, brands (watchmakers, jewelry) and investors. Members of the SBGA are committed to buying the production of *Better Gold* and reinvesting through the *Better Gold Fund* a contribution of \$1 per gram into social and environmental projects in and around mines. Raising awareness among consumers and engaging in a dialogue with the civil society is also among the long-term objectives of the SBGA.

▪ **The Initiative's Incentives for Responsible Miners**

As the starting point and principal beneficiaries of the initiative, responsible ASM miners are encouraged by various mechanisms to participate in the BGI:

- **Access to the premium market** of the formal and international gold value chain
- An **advantageous selling price** thanks to direct export, avoiding intermediates and the exemption from VAT
- The **purchase** of their whole gold production
- **Improvements** in miners' productivity through technical assistance and capacity building
- **Improvements** in living conditions of miners and communities, via investments of the Better Gold Fund



Implementation period: 2017 – 2020
Total budget: CHF 8 million
Beneficiaries: Artisanal and small-scale miners from Peru/Colombia and Bolivia
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