



United Nations Environment Programme

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ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Addressing the Social and Financial Challenges of Artisanal and Small Scale Gold Mining

Meeting Summary

**Geneva, Switzerland
International Environment House II**

Thursday, 23 September 2010, 14h30 – 17h00



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Meeting Summary

Geneva, 23 September 2010

1. The meeting was opened by Mr. David Piper, Deputy Chemicals Branch of the United Nations Environment Programme's Division of Technology, Industry and Economics (UNEP Chemical). Opening the meeting he remarked that approximately twelve percent of the global supply of gold is produced annually by artisanal and small-scale gold miners and with the price of gold reaching new highs, this sector is likely to grow. He commented that this meeting was organized for the international community and stakeholders to highlight changing global policies on mercury in light of the future global mercury treaty. He urged participants to consider their possible role in developing and supporting an effective global solution in the artisanal and small-scale gold mining (ASGM) sector.
2. The first presentation was given by Mr. Kevin Telmer who has 15 years of experience working with artisanal and small gold mining communities in numerous countries. He is the founder of the Artisanal Gold Council (AGC), an organization that promotes sustainable development in artisanal and small scale gold mining communities and is affiliated with the University of Victoria, Canada. The speaker stated that ASGM currently represents one third (approximately 1000 tonnes a year) of mercury demand globally. As mercury is easy to use, accessible and cheap, it is widely used by the miners to extract gold. Discussing the economic aspect of ASGM, he noted that gold is an excellent method of transferring wealth from rich to poor countries indicating that small producers get 70% or more of the international price in remote areas. The presenter recommended that ASGM needs to be brought into formal economy to maximize benefits and for this to happen, improved practices and reputation are essential. He stressed that whole ore amalgamation is a mercury intensive practice that should be replaced. Some technical solutions to decrease the use of mercury in ASGM were presented, including emission control through the use of fume hoods and retorts, mercury re-activation and other non mercury techniques such as gravity separation and chemical leaching. He also indicated that field work is the source of innovation and progress.
3. The next presenter was Ms. Nawal Ait-Hocine who was representing Cartier. She is the manager of Cartier's ethical, social and environmental performance with a particular focus on product manufacturing, supply chain issues and corporate communications. She noted that Cartier is taking a leading role in the advancing exemplary ethical conduct through a 'corporate approach'. Cartier buys gold from Goldlake mine and has signed a unique sourcing deal with the company. Goldlake addresses many social and environmental issues related to gold mining and has a business model, not an 'aid' model, practicing mercury and cyanide-free extraction processes and a zero discharge waste and water management system. Goldlake has an interdependent working relationship with artisanal miners from the local community who supply them with gold extracted by using traditional mercury-free techniques. Cartier is seeking other 'partners' who can demonstrate similar high standards and mutually support the Cartier strong bond with its customers and sustainable development.
4. The next presentation was given by Mr. Patrick Schien. He is a French entrepreneur and has been active in the precious metal industry for 30 years. In 1992 he founded a Precious Metal Trading Company operating its own refinery in Paris and is a member of the executive board of Alliance for Responsible Mining (ARM). He outlined ARM's fair trade label approach and

highlighted some of the important issues which are addressed by the fair trade model. The advantages of the Fair Trade Labeling Organization (FLO) model is that it can directly raises awareness of consumers and campaigns for change about social and environmental challenges associated with ASGM activity. This bottom-up business model is transparent and democratic and ensures a fair price of gold to miners while promoting traceability along the supply chain. The presenter pointed out some of the social challenges faced by the miners and mining community including legal issues, formalization/organization, developing democratic governance, literacy, gender issues, child labor, transparency and accountability in organizations. He also highlighted the following economic development challenges: strengthening administrative capabilities, developing economies of scale, export markets and pre-financing for purchase of gold and cleaner technology. Getting banks, professionals and governments to work with ASGM is a major challenge to the model. Overall, he indicated that the private sector will play a pivotal role in providing the access to credit needed to address these challenges.

5. The last presentation was delivered by Mr. Juan Miguel T. Cuna, Director of Environment Management Bureau of the Department of Environment and Natural Resources, Philippines. The presenter gave a government perspective of ASGM and the challenges faced at a national level. In the Philippines, the sector provides employment to more than 300,000 miners, including 18,000 women and children and supports the livelihood of about one million people. Miners are generally organized in the Philippines and are mostly families and neighbors involved in 'backyard' activities. He identified one of the key issues faced by the government in terms of ASGM is that about 30 permits are issued for small-scale gold mining covering more than 400 hectares of mining areas while the rest of the small scale mines are operating without legal mining titles. The presenter expressed his concern about the large amount of mercury being used in the sector (70 tons of estimated annual mercury release in 2008 alone). The mercury is supplied mostly by the gold dealers to the miners. Some of the social concerns he outlined for this sector include: uncontrolled migration into mining areas, land tenure and resource use conflicts, exploitation of workers especially minors and absence of social security benefits for miners. The presenter explained that in order to understand and solve the issues in the sector the government is developing a National Strategic Plan on ASGM. He indicated that there is a need to approach the issue from a development perspective and focus on the policymakers, making sure they understand the importance of the sector. These changes will require addressing difficult social aspects and long term action will depend on the availability of funding. In conclusion the presenter noted that the strategic plan is a promising work in progress, and it should be kept in mind that there was no silver bullet to fix the problem.

Discussion

Susan Keane (Natural Resources Defense Council), the co-lead of the Artisanal and small scale gold mining partnership area facilitated the discussion period.

6. There was some discussion around the origin of the gold in Fair Trade labeling schemes. Mr. Schein responded by noting that the only way to fingerprint gold is radioactivity tracing, which is not feasible. The certified miners have reporting obligations to the Fairtrade labeling organization (FLO), and the sites are routinely audited. When asked whether there are any

specific guidelines or criteria in the selection of the sites where they do gold mining, Mr. Schien responded by saying that environmental considerations are one of four aspects of the FLO standards and environment is addressed in the best way possible.

7. There was a discussion about a global strategy for the production and supply of gold. Mr. Telmer explained that there are no good estimates of how much gold is available to ASGM and that for this reason the formalization and inclusion of the ASGM miners in the society is important. Most miners do not want to become legal as they would have to pay taxes. In order to convince miners to be part of the system, governments must find ways to either increase their productivity or develop innovative taxation systems.
8. Commenting on the implementation of the National Strategic Plan for Philippines, Mr. Cuna noted that the most important aspect at the national level is the understanding of the problems by the members of ASGM communities. The importance of voluntary basis initiative being backed by governments was highlighted and the strategic plan was identified as an important tool for promoting that. It was also recognized that governments have a role to play in the provision of services to this sector
9. Mr. Cuna further commented on the linkage of small scale mining with large scale mining, noting that there are some cases of conflict between the two sectors but usually they get along well.
10. A question was raised about the panel view of ASGM in conflict countries and the links to the informal economy. The presenters explained that for mining, stability is essential because of the investment needs. In the Philippines, certificates are issued to ASGM miners for their operations. Local people usually prefer small scale mining to large scale mining as the revenues are more directly and rapidly redistributed to the local community.
11. One of the participants asked the representative of Cartier about obtaining more 'clean' gold sources. She responded that the problem was with the limited supply. If the supply was to increase, Cartier would be buying more 'clean' gold.
12. There was a concern raised over the issue of human rights in gold mining and the actions taken to bring the miners into the formal economy. Mr. Schein responded by noting that human rights are the first aspects of the FLO standards. He said that the way to get more miners seeking certification is to get more consumers requesting Fairtrade and Fairmined gold hence creating a demand for this gold. ARM hopes to eventually reach 20-25 tonnes of FLO certified gold per year.
13. Responding to a question on International Labor Organization's role in child labor in mining, the representative from ILO, Ms. Susana Gonzalez, noted that the organization had started an international programme for the elimination of child labor which began in 2005.
14. Ms. Veerle Van Wauwe from the Transparence S.A was invited by the facilitator to comment on the ASGM activities going on in Peru, given her organization's experience there. She said that the government lacked the infrastructure to deal with the strong influx of people in the ASGM sector. She noted that the financial sector has to get involved in order to assist with the necessary investment.

Concluding remarks

15. Concluding the session, the ASGM partnership area co-lead, Mr. Ludovic Bernaudat (UNIDO) expressed his gratitude to the participants for taking the time to participate in the meeting. He noted that this session was very informative as they learned about the sector and the innovative market-based approaches that are being implemented and came as a key complement to the more traditional technology transfer and local awareness raising activities. He observed that numerous innovative examples exist, need to be promoted and replicated. These include improvements at the production stage but also acting at all levels of the value chain, all the way to the consumer. Overall, the issues raised by the sector are multifaceted and require multi-stakeholder approaches.

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