



# **STANDARD ZERO FOR FAIRTRADE/FAIRMINED ARTISANAL GOLD AND ASSOCIATED SILVER AND PLATINUM**

## **ARM'S MULTISTAKEHOLDER INITIATIVE FOR RESPONSIBLE ASM**



# Birth and Legitimisation of the ARM Process

- 2004- The birth of ARM from the Green Gold local initiative in alliance with emerging ethical jewellers, academics, NGOs and practitioners, as a **bottom up process initiated from the South**, demonstrates to miners and others that ASM certification is desirable and possible
- To take advantage of emerging green and fair trade markets as incentives for improved social and environmental performance of ASM and improvement of the quality of life of mining communities
- ARM has led a process through which key stakeholders have reached agreements on universal principles and criteria for the certification of responsible and environmentally friendly artisanal and small scale mining practices
- ARM is recognised by Fairtrade Labelling Organisations International - FLO, as the partner of choice to develop a Fairtrade certification scheme for ASM gold



“ARM’s mission is to set standards for responsible ASM and to support and enable producers to deliver “fairmined” certified metals and minerals through economically just supply chains to the markets, in order to contribute towards the transformation of ASM into a socially and environmentally responsible activity, and to the improvement of the quality of life of marginalized artisanal miners, their families and communities.”



# Size matters!





# CONSULTATION AS LEARNING



- 28 workshops - 6 languages- Face to face and via Web (2006-2009)
- A learning and awareness raising process to learn what it means to produce in a sustainable and responsible manner - learning by doing.
- To get the draft standard known by producers and other key stakeholders
- To ensure the transparency and the legitimacy of the process
- To build critical mass through horizontal learning and knowledge exchange
- Flows into capacity building and public policy discussions with stakeholders



# Pilot Testing with Miners

## Horizontal Learning and Ownership

- Exchange of experiences and horizontal learning reinforce miners' organisations
- ASM producer organizations strengthened in their trading literacy and capacity to have incidence in public policy
- Hands on learning by testing producer support toolkits
- Gaps in the standards identified, as well as training, technology, credit and financial needs for miners to comply with the requirements
- Testing a traceable supply chain and building trust with European importers who want FT labelled gold
- FLO and ARM negotiate to bring FAIRTRADE/FAIRMINED gold to the market in 2010.
- Lobby for improved public policies and rights for ASM



# BUILDING CRITICAL MASS

- 9 producer organizations trained through learning by doing: 30 miners directly and 2500 miners indirectly involved, 300 women miners trained, 30,000 people from mining communities benefit from improvements - IT IS POSSIBLE!!!
- Bolivia: Cumbre del Sajama with Cotapata Cooperative
- Colombia: Oro Verde at Tadó and Condoto, Chocó
- Colombia: University of Nariño with Coodmilla and Asociacion Cumbitara, Nariño.
- Perú: Red Social and AMASUC (Regional association of ASM organisations) with AURELSA, MACDESA, SOTRAMI, Women miners from Cuatro Horas and Filomena, Central-South Peru
- Ecuador: Escuela Superior Politecnica (ESPOL) with COMOMACH from the Bellarica Cooperative, South Ecuador
- Regional coordination by : ARM
- Funding from: Oxfam Novib, FTF, Stichting DOEN, Waterloo Foundation, Solidaridad, BTC, Gov. of Ecuador, CYTED (Iberoamerican Programme of Science and Technology for Development)





# Potential Supply of Certifiable Gold to Meet Demand



- Of the total estimated annual ASM gold supply of 200-300 tonnes (12% of world mine supply), certification could reach some 30% over the if we focus and if public policy enables responsible ASM and promotes trading incentives for certified ASM
- Taking the lower limit of total estimated supply (i.e. 200 tonnes), 60 tonnes could be eligible for certification over the next two decades.
- Production capacity today at 9 Latin American pilot sites to is 297kg annually, an average of 33kg/ annum/ site.
- Local expansion plans to double that by 2011
- ARM seeks partners in Africa to start the process here



# COMMUNITY MINERS AND SMALL ENTREPRENEURS

- *This Fair Trade initiative is directed at community based artisanal and small scale miners' organisations ASMO's, including all possible forms of organisations that they constitute.*
- *A community based mining organisation is comprised of a majority of members or shareholders who are active miners, and as members of the local community contribute to its social and economic development.*
- **Small scale mining organisations - SSMO's - with over 50 contracted workers, are also included**
- **No silver bullet..... This is a voluntary certification system and a business decision for responsible producers - other approaches are still required from governments and industry**

# Main Issues

- Fairtrade/Fairmined Gold is exclusively available from ASM
- Minimum requirements and progressive improvements
- Miners must be formalised and ORGANISED
- Requires consultation and consent of local community authorities, and grievance mechanisms to be in place
- Payment of all taxes and royalties - accounts on top
- No support to illegal activities or armed conflict
- Management of toxic substances
- Strict health and safety requirements
- Physical traceability within the production and mineral processing links

# TRADING STANDARDS

- Fair price 95% LBMA fixing for Au for the pure content, FOB export point
- Seeks ASMO's and SSMO's to eventually register as export platforms
- Built on partnerships along the supply chain
- 6% FT/FM premium + 9% ecological
- Pre-financing - max 60% of each consignment - trial period - trust
- Traceability issues in production/processing, and in manufacturing jewellery supplies

# ASMO

- Self employed miners who are members/shareholders
- Working on legal mining title
- Must register the miners in its working area
- The ASMO is responsible for compliance in their mining area
- ASMO as umbrella comprised of:
  - The ASMO members themselves and the ASMO's operations
  - Family units of the ASMO with own operations
  - PP - Producer partners (members of ASMO with other self employed persons and some contracted workers)
  - PPO - Producer partner organisations (E.g. Women miners) on the mining area of the ASMO with own legal registration
- Less than 50 contracted workers
- The ASMO has a key role in promoting local sustainable development
- A premium committee manages the premium democratically
- Workers have a right to sit on the premium committee

# Producer Partner Organisations

- E.g. organised mineral selectors working on the surface of the mining area of the ASMO.
- PPO's may deliver minerals to the plant of the ASMO, or to domestic amalgamation plants controlled by ASMO
- Mineral selectors have delegates in the premium committee
- PPO must be a publicly registered organisation to administrate their share of the premium independently, but trade under the ASMO umbrella

# SSMO

- Shareholder organisation structurally dependent on hired labour  
- more than 50 contracted workers
- The shareholders of the SSMO are members or production partners of an ASMO
- PP small companies with less than 50 contacted workers may also apply independently for certification
- SSMO's must additionally comply with Chapter 5 with more stringent labour standards
- Joint body manages the premium - workers share decisions with employers

# WORKERS

- All waged employees in the ASMO, including those working for PP, or the SSMO.
- Migrant, temp, seasonal, sub-contracted and permanent workers
- Includes family members of the ASMO, PP or SSMO when employed.
- Workers have delegates in the premium committee - joint body for premium



# Water

- Compliance with environmental legislation
- Prevention of ARD
- Forbids disposals to water bodies of amalgamation or cyanidation tailings and solutions
- Neutralisation of Cn in lined ponds before discharge
- Trained personnel for toxic substance
- Forbids dumping of fuel residues and containers into water bodies



- **Artisanal Gold, fair mined and fair traded in compliance with all requirements, combines the characteristics of**
  - **a product that contributes to poverty alleviation and social development,**

**with**

  - **a hand-made product, elaborated in a process where every gram of gold is treated in a responsible way and with special care to reduce environmental impacts**